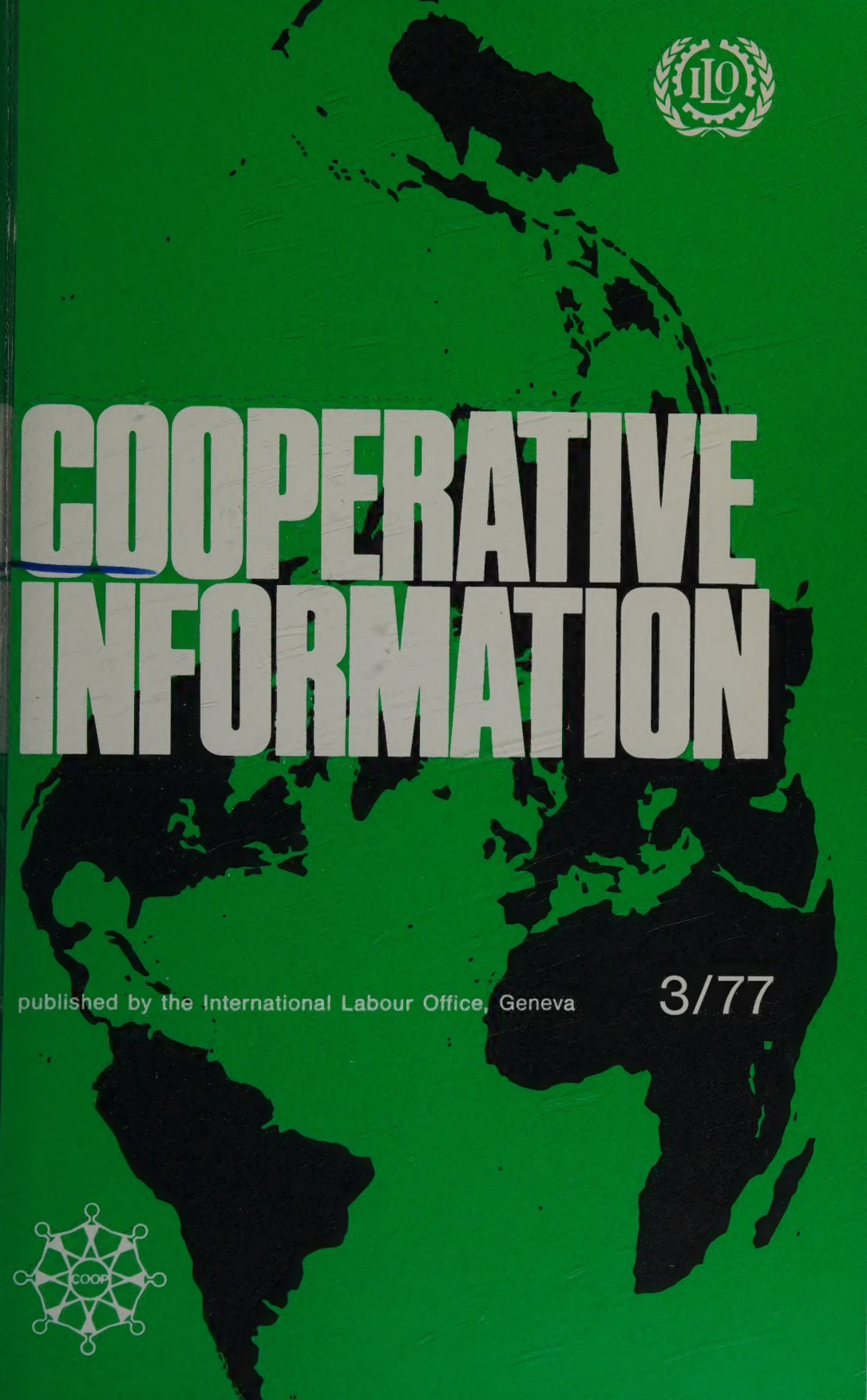

COOPERATIVE INFORMATION

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53rd Year

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This is the last issue of "Cooperative Information" to be published by the International Labour Office. We thank all readers and contributors who gave their support to this periodical during the fifthy-four years of its existence, hoping that they will understand that the decision to stop publication was not taken lightly and that, like other important economy measures which are being taken, it is due to the critical financial situation facing the International Labour Office.

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International
INFORMATION

...CHRONIQUE... ...CHRON NICLE... ...CHRONICLE... .CRONICA... ...CRONICA.

Co-operators are obviously interested in all the international events of this summer and automn. There are some, however, which are of more especial concern to them, including four in particular because the problems discussed, the negotiations begun or continued and the decisions taken - or not taken - are such as to give them food for thought or inspiration as to their actions in the immediate future. These are:

- the Conference on Desertification and the "Declaration of Tbilisi";
- the Third Session of the World Food Council and the shortly to be expected launching of the International Fund for Agricultural Development;
- the meeting of the finance ministers of 14 of the world's wealthiest countries, and the setting up of a fund to help countries with balance-of-payments deficits;
- the adoption of recommendations on "the ethics of communication" following the international symposium in Florence (1).

Co-operators in Africa - and in other continents too -, should also take into account a further two events, admittedly more limited in scope, but undoubtedly of interest:

- the session of the African Regional Conference of the ILO,
- the co-operation agreement concluded between the African Development Bank and the ILO.

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(1) Cf. "Cooperative Information", No. 2/77, p. 15.

The Conference on Desertification and the "Declaration of Tbilisi"

In March 1977 the United Nations organised in Mar del Plata a "Conference on Water". It was reported on briefly in No. 2/77 of this bulletin. It was from another angle that the United Nations again tackled the same problem - the problem of water as a necessity of life - during the Conference on Desertification held in Nairobi (Kenya) from 29 August to 9 September, and attended by some 1,500 delegates - government officials, research workers - representing a hundred or so countries.

A plan of action, on the preparation of which 500 research workers had been working for two years, was adopted by the Conference. The text - a voluminous document of more than 70 pages - contains 26 recommendations.

It may be regretted that the delegates did not manage to agree on how to finance such an enterprise, of veritably colossal proportions, since the deserts existing in about 60 countries, from the United States and Peruvian coasts to China and Australia, already cover one-third of the area of the continents, and the Sahara, for example, is advancing, according to FAO estimates, at the rate of from 1.5 to 10 km. per year. But this does not seem to be the most important point. As stated by Mr. Mostafa Tolba, Director of the United Nations Environment Programme (UNEP), aid (to the countries concerned) will come later.

The real point at issue, as clearly emphasised by the delegates during their debates and in their final recommendations - even if it was not always taken into account during the preparatory work - is the importance of the human factor, not only as a cause of desertification, but as the basic key factor in any future action to attempt to stop the advance of the deserts.

According to the experts, who drew up a world map of the threatened areas, human activities have reduced to desert nearly 9 million square kilometres - an area almost equivalent to the size of China - and are continuing to wipe off the map of cultivable land 7 million hectares a year, to such a point that in Africa alone 650,000 square kilometres, today populated by nearly 50 million people, are directly threatened, while at world level between 600 and 700 million people are already living under very arid conditions, and if desertification continues at its present rate, by the end of this century the earth will have lost one-third of its arable land, yet the world's population will need a third more food than it is consuming now as a result of demographic growth.

As pointed out by the Director of the UNEP, the problem cannot be solved by action at the world level alone. National land utilisation policies must be drastically changed. The combating of desertification must be given priority in national plans for the economic development and progress of society.

The solution must be envisaged first and foremost in human terms. The Mar del Plata Conference had already stressed that there could be no proper planning for making optimum use of water unless the villagers were associated in it, as it was a "community affair". It was further pointed out during the Nairobi Conference that overgrazing, uncontrolled irrigation and intensive deforestation, among other causes of desertification, were due in most cases not only to a certain degree of impoverishment but also the lack of two things: education and a collective approach, carefully planned and then explained. It was also stated that it would be dangerous, and even disastrous, to seek to sedentarise the nomads at all costs, when - as pointed out bu Mr. Ferlin, an expert on the problems of the Sahel - in Africa, for instance, the only worth-while activity in the Sahelian region is the extensive rearing of livestock by the nomads. It is not a question of destroying, but of organising and utilising the accomplishments of these pastoral peoples.

As concerns this human content, the delegates in Nairobi were echoed by the 265 representatives of United Nations organisations and also of non-governmental organisations brought together by UNESCO, in collaboration with the UNEP, from 14 to 26 October in Tbilisi (USSR) for the First Intergovernmental Conference on Environmental Education. The 40 recommendations in the "Declaration of Tbilisi" imply that steps must be taken to ensure that, throughout his life, every citizen is informed and instructed so as to orient his behaviour towards safeguarding and improving the environment.

Experiments along these lines have already been attempted. Some have been successful. This is the case with one of the projects in operation since 1964 as part of the school television programme in Niger. A former instructor for this programme, realising that one of the lessons to be learned from the lack of success of many of the "Green Sahel" projects was that one should not be swayed by the "myth of the tree", preferred to revert to Parmentier's idea (reserve the product for a privileged few in order to make it more attractive), as a means of bringing the facts home to the children, first of all, and through them to the rest of the villagers. He was thus able to write that now the villages have started planting after seeing that each television school had its little forest close by (that was how they could be recognised) ... (because) at the beginning of the project (the trees) were reserved for the schools, and it was forbidden to distribute them around the village (1).

Conference on desertification, Declaration of Tbilisi. In two different places, it seems, international events have occurred which are of paramount importance to co-operators and their leaders in all countries. This should encourage them to put really and fully into practice, one of the five postulates on which their doctrine is based: co-operative education - that is to say vocational, managerial, civic and moral training. Several tens of millions of them,

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(1) "L'Educateur" (Freinet), Cannes, issue of 20 October 1977. "Approfondissements et ouvertures, Makarenko en brousse".

out of the hundreds of millions who are known to exist, will undoubtedly manage, by educating themselves and working tirelessly in the most practical spheres of their day-to-day existence, to play their part in the combating of desertification.

In so doing, they will also make it possible, and the need for this is long overdue - to win another battle, or rather another aspect of the same combat - that of satisfying the foremost of man's basic needs, the need for food.

The Third Session of the World Food Council and the Coming Fully into Operation of the International Fund for Agricultural Development

The "North-South dialogue", the "new international economic order", the "new international division of labour" - all these terms reflect the same reality: while a major part of the world's population lacks the bare necessities, the basic minimum, others are striving to protect the position they have acquired, to the point of being ready to restrict their deliveries, or even destroy products of which they have a surplus. These are the evils of over-abundance, as opposed to hunger.

There are co-operators in both camps.

Substantial increases in agricultural production were recorded in 1976. The improvement in the food situation of a very large number of countries has not been maintained, and it is consequently considered by experts (of the FAO in particular) that by 1985 the countries of the third world will be 85 million tons of cereals short of being able to provide their population with an indispensable minimum of food.

The first two sessions of the World Food Council, in June 1975 and 1976, did not result in any agreements. On the agenda of the third session there were a number of proposals:

the constitution of an emergency stock of cereals; but after the excellent harvests of 1976 and 1977, there is a feeling here and there that stocks are not reserves, but surpluses, and that they will have an adverse influence on the prices of agricultural produce, which will lead to a drop in income for farmers, who will thus be tempted, if not encouraged, to sow smaller crops, in some cases resorting once again to a "land freeze" policy. All this at a time when it is a known fact that 450 million human beings are still suffering from hunger and malnutrition, and it still takes at least three or four months to arrange for the transport simply to the port of arrival (without counting subsequent delays in transport overland) of food sent by countries with surpluses to countries short of food;

an increase of 2.7 to 4 per cent in world food production. According to a statement by the Director-General of the FAO, it is

known that in 1976 there was an improvement in cereal production, and progress in the distribution of this increase. The developing countries have thus achieved a rate of growth of 2.6 per cent in the 1970s as compared with only 2.3 per cent for the developed countries. But in the case of Africa, for instance, it is also known that up to 1985 the yearly rate of increase in agricultural production will only be 2.5 per cent, e.g., less than that for the population, which will lead to further food deficits or, if malnutrition is to be avoided, imports at a higher level than at present, thus increasing the balance-of-trade and balance-of-payments deficits;

an increase of 9 to 10 million tons in food aid, which fell in 1975-76 to 6.9 million tons, and the bulk of which is in the form not of donations but of sales, admittedly under long-term, low-interest credit arrangements. It is known today that the minimum level of this aid must reach 15 if not 20 million tons of cereals;

help with structural modernisation and agrarian reform in the developing countries, together with far-reaching changes in distribution circuits. It is a known fact that the "Green Revolution" was largely a failure, even in Bihar (India), where, contrary to all expectations, it led to even greater fragmentation of individual holdings and a consolidation of large estates. More and more people are coming to recognise, like C. Tudge (1), that "rational agriculture", adapted to human nutritional needs, should consist in the majority of cases of small holdings, varying in size according to the type of crop, requiring only a minimum investment, making use mainly of traditional and "intermediate" agricultural techniques, without over-specialisation, and organised within the context of "basic communities" which may be associated, if it is thought necessary, with institutions with a wider territorial coverage.

The Third Ministerial Session of the World Food Council, held in Manila from 20 to 24 June 1977, adopted the "Manila Communiqué", a 22-point programme of action to eradicate hunger and malnutrition. Urgent action has of course been recommended, and strategies proposed. At its 63rd Session the United Nations Economic and Social Council, in endorsing this communiqué, urged all governments, specialised agencies and other bodies of the United Nations system to implement this programme fully.

Will it remain for long a mere statement of intentions? And where do co-operators come in? At any rate, it does not seem to have been examined very thoroughly at the last session of the Agricultural Committee and Central Committee of the International Co-operative Alliance at the end of October 1977.

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(1) C. Tudge, "The Famine Business", Faber, London, 1977, 141 pp.

There are some grounds for hope, however, to be derived from the coming into operation of the International Fund for Agricultural Development (IFAD), which is expected to take place early in 1978 or even at the end of 1977. Established following the World Food Conference of 1974, on the basis of an agreement adopted at a conference held in Rome in June 1973, this new United Nations specialised agency, whose relationship with the United Nations was defined in a draft agreement endorsed by the Economic and Social Council at its 63rd Session, is designed to channel investment towards the improvement of agricultural production in developing countries. Its capital was fixed at US dollars 1,000 million, but it was not to come legally into existence until formal pledges to contribute from States which had agreed to its establishment reached US dollars 750 million.

This target was exceeded on 20 December 1976, when pledges were registered of dollars 567.3 million from developed countries (OECD), dollars 435.5 million from donor developing countries (OPEC) and US dollars 8.9 million from other developing countries, as well as the equivalent of dollars 10.3 million in non-convertible currencies.

But it had also been agreed that IFAD would become operational only when the constituent agreement had been ratified by 36 countries (6 donor developed countries, 6 donor developing countries and 24 other developing countries). All the ratification instruments have not yet been filed. There is thus a risk that the date on which the first loans can be granted will have to be further postponed.

Under the arrangements agreed upon in April 1977 by the Preparatory Commission of IFAD, these loans will be of three kinds:

- special loans with exceptional conditions, repayable in 50 years at 1 per cent (these are likely to be the most numerous);
- intermediate loans at 4 per cent, repayable in 20 years;
- ordinary loans at 8 per cent, repayable within 15 or 18 years.

They may not be granted to regional groups, but only to countries or national institutions responsible for the execution of projects financed with the support of the international institutions designated by the beneficiaries to provide them with aid and advice. These loans are to be used for the following purposes:

- to increase food production, particularly on small holdings;
- to provide an income to people with no land of their own;
- to reduce the malnutrition of the most underprivileged populations by producing the foodstuffs they normally consume.

It is explicitly provided that the Fund will not normally finance projects the net impact of which upon the income of the poorest people would be unfavourable.

Finally, IFAD will try to avoid turning into just one more heavy and cumbersome bureaucratic machine. With a highly qualified but small staff, and calling in consultants whenever necessary (mainly from organisations in the United Nations system), it should be able to avoid duplication in the use of resources, and, above all, to act speedily. Whereas at present it is often necessary to wait seven or eight years after a project is filed before it is put into effect, IFAD should be able to reduce this delay to under two years.

The Fund has one other characteristic: due to the participation of the OPEC countries, the allocation of voting rights - mainly for the approval of loans by the Governing Council - gives two-thirds of the votes to the developing countries (one third to the donor countries of the OPEC, and one-third to the others, i.e. the beneficiaries), and only one-third to the developed countries. IFAD is therefore an institution whose tripartite character gives political control to the developing countries (the OPEC countries falling in this category) yet prevents any one of the three groups from dominating the institution, whose loans should really be for no other purpose than to satisfy some of the most urgent needs of development.

One very important question, however, remains unanswered. With its US dollars 1,000 million, not only will IFAD be unable to launch operations on its own - as it will require outside help - but, above all, since its rules forbid it to borrow, how is it to replace, in the near future, the funds drawn from its original endowment and used as needed for the granting of loans? Is IFAD therefore to be nothing more than a temporary, one-off operation pending the institution of a more generalised system, under more comprehensive agreements for the organisation of international exchanges and the setting up of a common pool of raw materials, as advocated by UNCTAD, covering 18 products, starting with ten so-called core commodities: cocoa, coffee, tea, sugar, cotton, jute, sisal, rubber, copper and tin?

There is indeed no doubt that, as pointed out in the last annual report of GATT (General Agreement on Tariffs and Trade), unless there is a fundamental change in the present trend in international trade policies, the way seems to be open to the accumulation of new economic difficulties. There will certainly be a need for a little more equity and more emphasis on the service function - two other postulates for co-operators - if the efforts being made to combat the spread of desertification and famine are really to bear fruit. Special loans will never be enough. In these fields it is therefore incumbent upon co-operators not only to be more active, but to make their voices heard more often, once they have overcome their differences through more effective application of the fourth of their postulates - solidarity.

It has to be acknowledged that this latter principle, so often evoked at the last Congress of the International Co-operative Alliance in 1976, is not yet applied very forcefully in practice. The launching of a project, now in preparation, for the strengthening of commercial relations between co-operatives will perhaps

afford an opportunity for co-operators to show what they think should be the terms of international trade agreements, so as to ensure that increased trade does not mean even deeper indebtedness for the poorest and even bigger balance-of-payments deficits.

Meeting of Finance Ministers of 14 of the World's Wealthiest Countries and Setting Up of a Fund to Help Countries with Balance-of-Payments Deficits

According to a study published by UNCTAD on 15 July and based on data supplied by the Bank for International Settlements and the International Bank for Reconstruction and Development (IBRD), often called the World Bank, the non-petroleum-producing developing countries were in debt to the tune of US dollars 240,000 million at the end of 1976. The size of the debt is likely to keep on increasing, since, to offset the increase in payments as they repay the debts they already have, the amount these countries arrange to borrow from banks will have to be increased by 10 per cent in 1977 and 18 per cent in 1978 in order to keep at its present level the net income from capital they need. The vicious circle is not far from being well and truly installed, the more so since, although it has risen slightly in 1977, public development assistance is still a long way short of 0.7 per cent of the gross national product of the developed countries - the famous target set by the United Nations. For the 17 countries which are members of the Committee for Development Assistance of the Organisation for Economic Co-operation and Development (OECD), this assistance is likely to amount in 1977 to 0.35 per cent of the GNP (exactly half the target figure), as compared with 0.33 per cent in 1976 and 0.36 per cent in 1975.

Since, for numerous reasons, private investment is tending to stagnate if not to diminish, the international institutions, and first and foremost among them the International Monetary Fund (IMF), find themselves obliged to take steps to come to the aid of countries with large balance-of-payments deficits.

This was the reason for the meeting in Paris on 6 August last of the 14 finance ministers of 7 OPEC countries (Iran, Kuwait, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, Venezuela) and 7 industrialised countries (Belgium, Canada, Federal Republic of Germany, Japan, Netherlands, Switzerland and the United States), who agreed to make available to the IMF dollars 10,000 million to enable this institution to offer special loans to beneficiary countries (at 7 per cent to start with) to supplement the sums they are normally entitled to draw as members of the IMF. However, these countries must pledge themselves explicitly and in precise terms to set about putting their economy on a sounder basis in order to be eligible for this special aid.

Co-operators in general could well make a significant contribution to this economic recovery campaign, and those in Africa in particular will have the means of doing so if they seize the opportunity

indirectly offered to them by the signing on 18 April 1977 (1) of an agreement between the ILO and the African Development Bank (ADB). This agreement stipulates, in fact, that the two institutions are to consult each other, exchange information and send representatives to each other's conferences and meetings "to facilitate co-operation between them in matters of common interest to them", and particularly in the preparation of studies, the identification of projects considered suitable for financing by the ADB (2), assistance to governments in the preparation of such projects, the study of requests for the financing of such projects, the study of requests for the financing of such projects, technical assistance within the competence of the ILO as may be required for their implementation, and evaluation of the results achieved through these projects.

Article 2 of the memorandum of understanding on working arrangements between the ILO and the ADB appended to the agreement explicitly provides that the two institutions shall "co-operate to provide assistance to countries of common membership in the technical fields of competence of the ILO including in particular ... rural training and development and co-operatives".

It is therefore up to co-operators to study and propose various measures, but above all genuine plans for co-operative development taking into consideration their basic needs, as well as all the improvements to be made in all spheres of their activities so as to prevent their countries from continuing to slide deeper into debt until they reach a point where no satisfactory remedy can be found.

Certainly one remedy - a drastic one - was decided upon in June by the Government of Canada and in October by the Government of Sweden. It consists in cancelling purely and simply the debts owed to them by the poorest countries. Eight countries will benefit from this measure, which the Swedish Government has submitted to Parliament for approval: Bangladesh, Botswana, India (which owes US dollars 100 million), Kenya, Pakistan, Sudan, Tanzania and Turkey. This moratorium will involve a total of US dollars 200 million, while Swedish public aid to all developing countries amounts to US dollars 740 million per year. Canada, for its part, has wiped off the slate dollars 264 million, but this amount is to be considered as part of the dollars 1,000 million contribution that Canada has pledged itself to make to the International Fund for Aid to the Developing Countries.

But one may wonder whether this remedy will be effective, since the total debt of these poorest countries is US dollars 20,000 million per year (in respect of public aid alone). This no doubt explains

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(1) Submitted to the ILO Governing Body for approval at its November 1977 session.

(2) It will be noted that the signing of an agreement of this type is also envisaged between the ILO and IFAD once it is fully operational.

why a number of governments and regional governmental institutions are not in favour of such measures, and certainly not merely out of self-interest. They consider in fact that such measures would lead in the end to a breakdown in the system of contractual relationship it is desired to establish within the framework of the new international economic order, since such debt cancellation would give the beneficiary countries the reputation of being totally unreliable, as well as creating new injustices by indirectly penalising countries which, on the contrary, make every effort to honour their debts, and proving in the long run not to be sufficiently effective as a stimulus for putting a country's economy back on its feet.

It might be thought that co-operators in all countries would make the necessary efforts so as to make it possible, on the contrary, to grant them the loans they need, with increasingly justified confidence in their sense of responsibility and their practice of mutual aid and daily effort.

But a barrier stands in their way which they must cross at all costs: the need to be able - if this is really what they want - to express themselves and put themselves over. There is a lesson for them to learn here from the adoption of recommendations on "the ethics of communication" by experts meeting in Ottawa under the auspices of UNESCO from 31 May to 30 June 1977, who came to the following conclusions:

"Ethical reflexion in the context of global research on communication problems is extremely useful for the clarification of the concepts of information and communication and the development of a new international communications order. The philosophical approach should therefore be encouraged in the future in reflexions on this subject.

It was found that the philosophical approach helps in elucidating and understanding problems of qualitative imbalance in communications in relation to those of quantitative imbalance. The experts accordingly agreed that the importance of an ethic of communication should be emphasized, particularly because of the national and international inequalities and imbalances in this field. It was also recognised that an ethic of communication raises very complex problems which cannot all be solved at once. As communication is a two-way process, the ethic of communication always implies the existence of two sovereign, independent subjects, and never two objects, or one subject and one object.

While continuing efforts directed to achieving further clarification, and in order to encourage such clarification, it would be highly desirable to:

- continue to attribute great importance to the elucidation of basic concepts;

- continue to assign high priority to the elaboration of communication policies;

- emphasize the intrinsic relations existing between communication and economic, social and cultural development;

- recognise that the receivers of messages are active participants in the communication process;

- take due account of the contribution of communication to the self-fulfilment of the individual and the enrichment of the global heritage, and of the requirements that this important rôle implies;

- reconcile the function of objective information with the communication of values, in a context of diversity of value systems;

- encourage the development of national and international standards concerning:

  - the principles of freedom of expression and freedom of information;

  - the right to protection against any abuses in communication that might be detrimental to human dignity and to socio-cultural values;

  - respect for the cultural identity of groups and communities, and for the principles which are corollary to its acceptance;

  - mutual respect between different cultures and reciprocity in the exchange of information both within and between countries;

  - the use of the mass media for raising the cultural level of the people;

- develop programmes for the exchange of information about structures, policies and practices in the field of communication, and set up a clearing house service as part of the UNESCO structure;

- promote universal expansion of access to and participation in communication in the most effective way possible;

- pay particular attention to future perspectives in the collaboration of communication policies in the context of a new international communications order".

Although there was no direct link between this group of experts meeting under the auspices of UNESCO and the delegates to the Fifth African Regional Conference of the ILO (1), held in Abidjan from 27 September to 6 October 1977, one cannot fail to be struck by the concordance of views between them a s concerns the principles and the conditions for the putting into practice of what the latter have termed, using a new expression, "enabling education" - education for development which "must increase the capacity of the populations concerned, and in particular the workers, to participate in an informed way in decision making at all levels in society" (2).

Translated from French

R. Louis,
ILO Official.

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(1) The Conference adopted five resolutions, concerning "ILO action against apartheid and assistance to liberation movements in Southern Africa", "ILO assistance to employers' organisations", "implementation of the World Employment Conference Declaration of Principles and Programme of Action by African governments", "multinational corporations in Africa", and "working conditions and the environment".

(2) Reply of the Assistant Secretary-General of the Conference to the discussion of the Report of the Director-General of the ILO. Provisional record of the 11th Sitting, p. 12.

Co-operative INFORMATION

ICA EXPERT CONSULTATION ON CO-OPERATIVES AND THE POOR

At a meeting in Loughborough (5-8 July 1977) organised by the International Co-operative Alliance, 15 experts and 5 observers from the United Nations, the Food and Agriculture Organisation (FAO), the International Labour Organisation (ILO), the Joint Committee for the Promotion of Aid to Co-operatives (COPAC) and the East Anglia University debated on the three following major topics:

1. Are the social and economic objectives of co-operatives, their mode of operation and structure appropriate and responsive to the problems of poverty and social reforms in developing countries?

2. Under what conditions can co-operatives be effective agents of structural reform?

3. To what extent and in what manner do governments facilitate or impede the efforts of co-operatives to combat poverty and introduce social and/or structural reforms?

Within this context, the participants sought to find replies to three series of open questions, after having heard two consultants, Dr. Alexander Fraser Laidlaw and Dr. Uma Lele, introducing their working paper prepared for the meeting and entitled respectively:

"Co-operatives and the Poor: Review from within the co-operative movement", and

"Co-operatives and the Poor: A Comparative Perspective".

At the end of the meeting, an interim report was adopted; the final version of the report will be prepared by the ICA and widely distributed to its members, as well as to the participants, international and bilateral organisations concerned with the development of co-operatives in developing countries. This interim report is however not to be considered as a "Loughborough Statement", as was planned initially, neither does it contain truly operational recommendations related to "co-operatives and the poor" as the ICA had intended them to be, since in his circular letter of 16 June 1977 addressed to participants, Dr. Saxena, Director of the ICA, indicated that "the ICA hopes to stimulate a precise and practical discussion which would result in drawing up practical recommendations to be used by co-operatives, governments and agencies providing assistance to co-operatives".

The report first reflects an endeavour to define the concept of poverty, while it recognises that the poverty line differs according to the level of economic and social development achieved in each country. As regards co-operatives - for which no definition is given - it is clearly indicated that what is needed is not merely aid-giving agencies as such, but rigorously managed societies able to perform certain functions for the poor, such as: generating or strengthening bargaining power, distribution of risks, giving access to technology and to managerial skills, favouring exploitation of local resources and talents including handicrafts, developing economies of scale, etc. But the report also emphasized that the development of co-operatives could be achieved only if a certain number of conditions exist, and that the attitude of governments towards co-operatives is of primary importance.

The experts participating in the meeting believed that it was not desirable to set up co-operatives for the poor since they would lead to further discrimination between the poorest and the less poor. On the other hand, it was underlined that co-operatives should clearly define their policy as regards ways and means to better serve the poorest category among the population around them.

The report further stressed that, to be effective agents of structural reform, co-operatives must first of all be able to operate efficiently. The experts enumerated the obstacles which confront co-operatives and listed the agencies which can and must assist co-operatives in their efforts to reach and serve the poor. Here again, the most decisive factor in assisting co-operative efforts in the direction of the poor remains the attitude, the political will of the government.

Finally, emphasis was placed on the importance and necessity of co-operative education, of improvement of managerial skills and of adult education, as well as on the need for the availability - and exchange - of teaching aids and materials.

It is foreseen that the report of this consultation will serve as a working paper for the next meeting to be convened in 1978 by the International Co-operative Alliance to further examine the problems of "Co-operatives and the Poor".

Obituary

In less than two months, two eminent personalities of the co-operative world have disappeared.

First, Robert Alexander Palmer (Lord Rusholme) died on 18 August 1977, at the age of 86, and 1977 marked 65 years of his attendance at the annual Congress of the British Co-operative Union.

Born in Moss Side, Manchester, Robert Palmer joined the Co-operative Union in 1909 and by 1920, he had risen to become its cashier and financial adviser. In 1929, he was appointed General Secretary of the Union, a position he held until 1947. In this capacity, he participated in the constitutional reorganisation of the Union and was a helpful ally of the co-operative youth movement.

In 1930, Robert Palmer was elected to the Executive Committee of the International Co-operative Alliance, and became Vice-President in 1934. At the outbreak of the Second World War, when communications between the President of ICA, Mr. Väino Tanner, of Finland, and the ICA membership were cut, Lord Rusholme was elected Acting President (1940-1945). At the ICA Congress in Zurich, in 1946, he was elected President; however, as a result of his appointment to the British Transport Commission, he was not available for re-election at the Prague Congress in 1948.

In 1945, Robert Palmer entered the House of Lords after having been knighted by the King of England and became one of the first "Co-operative Lords". As Lord Rusholme of Rusholme, he was an active member of the Co-operative Group.

A notable co-operative writer and propagandist as well as an excellent organiser, Lord Rusholme always showed keen interest for all international affairs and his concern is reflected in the motto incorporated in his coat of arms: "Mundus mea provincia" - The World is my Parrish.

A month later, on 17 September 1977, Paul Lambert died at the age of 65. A few months earlier, in spite of his illness, he had visited a number of countries in Latin America where co-operators were able to benefit from his boundless culture and from his great knowledge of co-operative matters.

Born in Liege, he was professor in economics and social sciences at the wellknown university of this town and, at the same time, - a noteworthy fact - was President of the National Bureau and National

Council of FEBECOOP (National Federation of Belgian Co-operatives) which is the central union of socialist consumers' co-operatives of his country; he was also a member of the Executive Committee of the International Co-operative Alliance.

As President and Director of the International Research and Information Institute for Public, Social and Co-operative Economy (CIRIEC), he widely contributed to the further search into co-operative and social economy which he discussed in his numerous works, among which the following certainly contributed in placing him at the forefront of the world's co-operative thinkers: "La Doctrine coopérative" (The Co-operative Theory); "La Coopération en Belgique" (Co-operation in Belgium) and "Syndicalisme, coopération et problèmes sociaux d'aujourd'hui (Trade Unionism, co-operatives and present social problems).

Original French

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Belgium

Co-operatives at the crossroads: The "Distrimas Affair" in Belgium (1)

WHY THIS PAPER HAS BEEN WRITTEN

Early in 1974 a document was signed which has been much discussed ever since and will no doubt continue to be so.

It was an agreement between two private distributive enterprises, the French Company "CARREFOUR-FRANCE" and "DELHAIZE FRERES LE LION" of Belgium, on the one hand, and on the other, the Socialist FEBECOOP (Belgian Co-operative Federation) and the Christian FNCC (National Federation of Christian Co-operatives). Under this agreement, the two co-operative movements were to participate in the capital and management of the new Belgian hypermarket company "CARREFOUR BELGIQUE", which was to succeed that founded in 1969 by the two limited-liability companies CARREFOUR-FRANCE and DELHAIZE under the name of DISTRIMAS S.A.

The co-operatives took a 30 per cent share in the capital (15 per cent each), which entitled them to share four seats on the Board of Directors. It was thus a minority share in a capitalist-type enterprise.

The terms of the agreement had no sooner been published than - despite the existence of "protocol binding on the enlarged Board of Directors and relating to a commercial policy of service to the consumer to supplement the financial agreement" - a lively controversy - still far from over - arose between the leaders of the Belgian co-operative movements and some co-operatives in neighbouring countries, and was even brought before the International Co-operative Alliance (ICA). There was talk of expelling the Belgian co-operatives from ICA, but that body held an inquiry into the agreement and in the end there was no expulsion. It cannot be said as yet, however, that the affair has been completely settled, even in ICA.

The present paper has accordingly been written in an effort to examine the reasons for an agreement which at first sight seems radically opposed to the co-operative spirit. No attempt will be made

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(1) By Guy David, Graduate in Labour Science of the Catholic University of Louvain.

to pass judgement on the operation carried out by the Belgian co-operatives. There will only be an examination of the facts, following which a number of questions will be raised.

The problems raised are not applicable solely to Belgium; they concern most European countries, if not all of them. In nearly all co-operative movements a crisis is discernible. It may hinge on members' participation, the age of co-operators, the size of sections or units, turnover (which is on the drowngrade in consumers' co-operatives all over Europe, including Sweden) and perhaps whether there is any further reason why co-operatives should exist at all in the changed circumstances of distribution since their historic foundation in Rochdale.

Henri Desroche puts the problem very well (1) when he says that the French consumers' co-operatives have to choose between achieving a co-operative republic by 1989 and complete disaster in the same year. What is true for France must surely hold good for must European co-operative movements. This paper will accordingly try to summarise the historical, economic, political and social problems which have confronted Belgian co-operatives and brought them to the present critical stage of their development.

THE HISTORICAL BACKGROUND OF BELGIAN CO-OPERATIVES

The first co-operatives in Belgium, founded in 1848, were mainly bakeries.

There was a fairly long interval before the first consumers' co-operatives began to be organised in 1864. In 1865 sections of the First International (whose headquarters were then in London) founded the first Socialist co-operatives. These were anti-bourgeois and revolutionary.

A. The Socialist co-operatives

In 1881, when the VOORUIT consumers' co-operative opened in Ghent, the Socialist complexion of a co-operative enterprise was clearly shown by VOORUIT affiliation to the Belgian Workers' Party (POB), later the Belgian Socialist Party (PSB).

From then on, Socialist consumers' co-operatives spread very quickly. In 1914 there were 204 of them with a total membership of 170,000 and a turnover of 47,574,000 Belgian Francs of that time. The General Co-operative Society was founded in 1935 and in 1971 became the Belgian Co-operative Federation (FEBECOOP). The reorganisation in 1971 resulted in partial separation of doctrine from commercial matters.

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(1) Henri Desroche: "Horizons 1989? Problèmes de développement des coopératives de consommateurs", in "Revue des études coopératives", No. 184, second quarter 1976, pp. 21-72.

In 1975 FEBECOOP comprised not only consumers' co-operatives but also affiliates from the following sectors:

- Savings: CODEP, deposits with which amounted to B.Frs. 8,300 million in 1975.
- Insurance: La Prévoyance sociale (PS), with a premium income in 1975 of B.Frs. 7,600 million.
- Retail chemists: turnover in 1975, B.Frs. 3,000 million.
- Printing works and miscellaneous: 4 newspaper undertakings producing 6 daily papers; a travel agency; and an institute for the advanced study of applied social science.

Table I gives a fairly clear idea of the development of FEBECOOP's distribution sector, the ENSEIGNE COOP (Co-op sign) shops (1):

Table I: FEBECOOP in figures

Year	Affiliates (consumers' only)	Turnover	Affiliated families (approx.)	Points of sale
1914	204	47,574,000	170,000	
1939	40	661 million	305,000	1,137
1963	34	3,359 million	270,000	1,428
1973	19	4,350 million	320,000	790
1974	17	4,500 million	320,000	790
1975	17	3,900 million	200,000	420
1976	10	4,000 million	150,000	399

B. The Christian co-operatives

In 1891 Michel Levie founded the first Christian production and consumers' co-operative, "Les ouvriers réunis". Originally a bakery co-operative, it became a bakery/brewery in 1893. As time went on it provided many social services such as relief and pension funds and loan societies. Before long its example was followed in other regions - in La Louvière and Ghent in 1896, in Liège in 1897, and so on.

As early as 1910 the principle, still followed, of separating commercial and social services was already being applied. In 1921 the foundation of the League of Christian Workers triggered off

(1) The sources of this information are a monograph by the Research Department of the General Co-operative Society entitled "Les coopératives de consommation en Belgique" (Brussels, Société générale coopérative, 1964) and balance sheets.

successive mergers of regional movements in an effort to meet private competition. In 1924 the distribution section of the Christian co-operative movement became a limited-liability company and its sign, "L'Economie", was changed in 1925 to "La Coopération Belge - Bien-être S.A.".

In 1975 FNCC had affiliates not only in distribution but also in the following sectors:

- Savings: La Coopération ouvrière belge (COB), deposits with which amounted to B.Frs. 56,500 million.
- Insurance: Les Assurances populaires (LAP) with a premium income of B.Frs. 1,721,000 million.
- Retail chemists: turnover B.Frs. 359 million.
- Printing works and miscellaneous: SOFADI: turnover B.Frs. 357.67 million; HET VOLK: turnover B.Frs. 862,211 millions; and the ULTRA MONTES travel agency: turnover B.Frs. 450.6 million.

Table II shows the development of the FNCC's distribution sector, as follows (1):

Table II: FNCC (Bien-être) (2) in figures

Year	Turnover	Points of sale
1924	14,202,602	140
1939	93,426,494	865
1963	1,284,132 million	1,288
1973	1,703,509 million	1,133
1974	1,822,894 million	977
1975	1,972,244 million	902
1976	2,091,999 million	737

The "Economie populaire de Ciney (EPECE)" was for a long time (until 1974) a co-operative independent of the FNCC but having links with the Christian movement. One of EPECE's most remarkable features is that its turnover has never ceased growing until the present day while FNCC and FEBECOOP turnover - at constant prices - has steadily declined since the sixties.

(1) "Les coopératives de consommation en Belgique", op. cit., and balance sheets.

(2) Being a limited-liability company "Bien-être" has no affiliated families or societies.

C. The neutral co-operative movement (FEDERALE)

This movement had a long period of prosperity, but never recovered from the bankruptcy in 1974 of its most important affiliate, the Union économique, and is now no longer one of the big retail traders. The Union économique was a co-operative most of whose members were government servants.

Table III shows developments in the turnover of the four large Belgian co-operative movements.

Table III: Turnover of Belgian consumers' co-operatives (in millions of Belgian francs at current prices) (1)

Movement	1953	1958	1963	1968	1970	1972	1973	1974	1975	1976
FEBECOOP	2253	2639	3359	4181	4443	4945	4350	4120	3900	4000
EPECE	351	613	807	1069	1318	1559	1736	1983	2294	2597
BIEN-ETRE	632	1181	1284	1460	1501	1625	1702	1618	1776	2091
FEDERALE	1481	1887	2349	2948	2760	1937	1453	1226	1171	-

Falls in turnover become very marked from 1970-72 onwards, except for EPECE, but Table IV shows that, compared to the general increase in sales of the "golden sixties", the performance of co-operative movements fell spectacularly from 1960 onwards.

Table VI, which appears as an annex to this paper, shows the size of Belgian consumers' co-operatives compared with that of other European co-operative movements.

DISTRIBUTION IN BELGIUM

A book published in 1958 (2) pointed out that, if productivity in the distribution sector was calculated with reference to the number of inhabitants for each retail shop and the number of inhabitants for each worker in the sector, it was lower in Belgium than in any other European country, and half the level in the United States.

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(1) Source: Conseil central de l'économie de Belgique: La structure de la distribution en Belgique et son évolution récente (Feb. 1976; mimeographed), and personal sources.

(2) R. Evalenko and M. Michel: La structure du commerce de détail en Belgique et la législation de cadenas (Brussels, Institut de sociologie de l'Université libre de Bruxelles, and Louvain, Centre de recherches en économie et gestion des entreprises de l'Université catholique de Louvain, 1958).

This lack of productivity led to higher prices, so that in the end the consumer bore the whole burden.

One of the main causes of lack of productivity was probably a law of 1937, which was only definitively repealed on 1 January 1961. This was the so-called "padlock law" restricting or forbidding the opening of department stores, which fossilised the entire structure of distribution in Belgium for a quarter of a century. Its repeal in 1961 brought about nothing less than a revolution in large-scale distribution; for small independent traders, whom the law had been designed to protect, in the long run suffered less from its repeal than the co-operatives and some private enterprises, such as department stores and popular-appeal shops, which were unprepared for the change.

Some large distributive undertakings, hypermarkets and self-service shops were ready to try out a new experiment. Others had not believed that the law would be repealed. The three co-operative movements COOP, BIEN-ETRE and FEDERALE were in the latter category. Their error of judgement was probably the initial cause of their present decline.

Table IV shows trends in the main sectors of distribution since 1960, i.e. the year before the repeal of the padlock law.

Table IV: Distribution of retail sales from 1960 to 1973 (in percentages at current prices) (1)

	1960	1969	1970	1971	1972	1973
Consumers' co-operatives	3.13	2.31	2.07	1.91	1.78	1.52
Chain stores (2)	1.44	5.88	6.32	7.16	9.11	9.43
Department stores and popular-appeal shops	6.96	6.15	6.10	6.00	6.12	6.00
Mail-order sales	0.60	0.71	0.68	0.67	0.69	0.68
Total group retailing	12.05	15.00	15.16	15.75	17.70	17.63
Total associated independent traders	7.20	8.60	7.74	7.64	6.07	8.46
Total non-associated independent traders	80.65	76.40	77.10	76.61	76.23	73.91
Total independent traders	87.85	85.00	84.84	84.25	82.30	82.37
Total retail traders	100	100	100	100	100	100

(1) M. Michel and H. Vander Eycken: La distribution en Belgique (Gembloux, Duculot, 1974); and Evalenko and Michel, op. cit., data adapted by the author.
(2) From 1969 onwards including GB Enterprises, the result of a merger in 1968 between the Grand Bazar of ANTWERP and SUPERMARCHE GB, which in its turn absorbed the SUPERBAZAR COMPANY in 1969 and, having absorbed the UNIPRIX, PRIBAS and PRISUNIC chains in 1971, merged with INNO-BM, the INNOVATION chain and BON MARCHE. The merger of GB with INNO-BM was, in effect, an absorption of the latter by the former.

Group retailing is represented by large chain stores, associated independent trading by independent traders who have contracted to buy solely from the wholesale departments of a large enterprise (such as Delhaize), and non-associated independents by all small traders who have retained complete freedom to buy where they like.

The Table shows that, in comparison with 1960, non-associated independent traders made a loss of about 10 per cent, and that co-operatives did very badly indeed, their percentage of the market falling by more than half; both sectors lost business to chain stores, which from 1961 onwards could expand freely.

The first supermarket in Belgium was opened in 1957. Table V shows the ground gained by a section of group retailers over independent traders and co-operatives, in so far as the opening of hypermarkets is concerned.

Table V: Relative importance of various kinds of self-service shops (1) as at 31.12.1972
(in percentages of the total number of shops in each category)

Kinds of shop	Hypermarkets: area exceeding 2500 m2 %	Supermarkets: 400-2500 m2 %	Other self-service shops: (2) under 400 m2 %
Department and chain stores	91	42	10
Co-operatives	-	2	12
Independent traders	9	56	78

WHY CONSUMERS' CO-OPERATIVES HAVE DECLINED

Certain circumstances have, then, principally determined the decline of Belgian consumers' co-operative movements; but they do not wholly explain it. The question has to be asked why some private enterprises have been able to seize the opportunity offered by the repeal of the padlock law to expand to an unprecedented degree, whereas co-operatives have almost invariably been insensible to the radical changes becoming evident in retail trade. Obviously, the co-operatives had been among the main beneficiaries of the padlock law because they were old-established nationwide enterprises, and because

(1) Michel and Vander Eycken, op. cit.

(2) Including 105 shops with areas of over 400 m2 but not selling meat.

their customers, although politically rather than co-operatively minded, were faithful because they had little choice of retailer except in large towns. This was bound to lead to stagnation. But there were more important reasons. These were:

- an obvious lack of vision by some managements;
- lack of participation by the rank and file;
- the aging of co-operators;
- the public's total ignorance of the difference between a limited liability company and a co-operative, and hence of the doctrine and spirit of the co-operative movement;
- errors in management, including the continued payment of sham dividends in spite of a trade deficit for several years in succession and, in some cases, selling goods of worse quality than before so as to lower prices, rather than reducing cost prices by limiting costs.

Some of these points are not peculiar to Belgian co-operatives, but are problems which, it would appear, all European co-operative movements have to face; namely, lack of participation, aging of co-operators and young people's indifference to the co-operative spirit, usually because they are uninformed about it.

Nevertheless, there is no doubt that social trends, plus Belgium's own twofold economic revolution brought on by self-service and the repeal of the padlock law after 25 years of unshaken stability, could only hasten the collapse of giants whose feet had turned to clay.

REASONS FOR THE AGREEMENT

The above appears to the author to be the primary cause of the "Distrimas agreement", the reasons for which are as follows:

Although over the period 1960-70 the financial position of consumers' co-operatives never ceased to decline, no serious thought was given to reorganising them. Trading losses became increasingly common, and bankruptcies began to be frequent.

But the Christian and Socialist movements continued (and still continue) to differ in their political approach to the consumer sector.

In the view of FNCC, consumers' co-operatives have probably done their job by changing the distribution sector fundamentally and irrevocably. If they became uneconomic and closed down, this would be regrettable but no disaster would ensue because service co-operatives, such as deposit banks and insurance companies, are perhaps more in line with society's present needs.

In FEBECOOP's view, the consumers' co-operatives sector should be safeguarded not only because it represents a glorious chapter in co-operative history but also because it is still capable of doing important, if different, work in present-day society if it concentrates on defending consumers' interests and preventing one or another of the private groups from monopolising the sector. In the medium term, indeed, it would not be impossible for one of these groups to get a virtual monopoly of distribution in Belgium, or in any case the power to fix selling prices, because its enormous buying potential enables it to negociate with manufacturers from a position of strength. The only choice then left to competitors would be to fall into line with the group's prices or shut up shop. But when prices are very low falling into line with them may endanger the very existence of the smaller enterprises or even the medium-sized ones, because present profit margins are already extremely narrow. M. Michel and H. Vander Eycken have calculated this margin for nine distributive enterprises between 1968 and 1972. Its average varies from 2.3 per cent for the most profitable enterprise to 0.3 per cent for the least profitable one. The margin has since become even smaller (1).

In 1971 FEBECOOP attempted to set up its own chain of hypermarkets. After studying the Belgian market in depth it was obliged to give up its intention because the risk was too great. It found that almost all well-situated sites on which hypermarkets could be built belonged to, or were under an option to purchase by, one or the other of the large private distributive groups. In addition the necessary initial investment was estimated at 1,100 million Belgian francs. A team of experts from French co-operatives was consulted and expressed considerable doubt on the chance of success which an enterprise of this kind would have. As a result the plan was dropped.

There was a new opportunity when a senior official of the Socialist co-operatives met his opposite number in CARREFOUR-FRANCE. The meeting was perhaps not accidental; CARREFOUR-BELGIQUE had heard of FEBECOOP's investigation, but not of its result; and perhaps they feared that there might be competition from that source.

It was finally proposed that both co-operative movements - the Socialist and the Christian - should together (to avoid giving a political complexion to the private enterprises who might possibly be their partners) be invited to take up a share in the limited-liability company Distrimas, selling under the name of "CARREFOUR-BELGIQUE". At that time Distrimas had two hypermarkets and was considering opening a third. A medium-term programme proposed opening at least another four or five hypermarkets.

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(1) Net profit margin= $\frac{\text{net profit after deduction of tax} \times 100}{\text{turnover}}$

After studying this offer, the two co-operative movements agreed to participate in Distrimas.

There were several good reasons for this agreement, for private firms and co-operative movements alike. It enabled:

(a) co-operatives:

- to try to put a brake on the monopolistic tendencies of the largest private distributive group in Belgium;

- to stimulate the consumer spirit in this sector, a new one for them, by customer-oriented information, analysis of goods sold or offered by manufacturers, attempts to impose on suppliers specifications for each kind of product, and the formation of a consumer service in each sales unit;

- last but not least, to limit the financial risk to be taken, seeing that the enterprise was already formed and doing well, and that there were four partners instead of one to bear the investment burden;

(b) private enterprises partners to the agreement:

- to have the use of the large capital administered by some sectors of co-operatives;

- to benefit from the links between co-operatives and political organisations to further the plans of the enterprise;

- to try to regain the former customers of co-operative stores, such stores having completely disappeared in some regions of Belgium;

- to benefit from the co-operatives' fund of experience in consumer relations and contact with customers;

- to avoid new competition by doing away with the danger that hypermarkets run exclusively by co-operatives might open.

On both sides the reasons for getting together evidently seemed strong enough to make a definitive agreement possible without too much difficulty.

THE PARTNERS TO THE AGREEMENT

A. The private partners

First, CARREFOUR-FRANCE, at present one of the largest distributive companies in France. It competes in France with French co-operatives, some of which were far from pleased at its agreement with the Belgian co-operatives. Founded in 1959, CARREFOUR had 35 hypermarkets in 1976 and a turnover exceeding 50,000 million Belgian francs.

Secondly, DELHAIZE FRERES LE LION, which, like CARREFOUR, is a family business. It was founded in 1867 and its 1976 turnover approached 23,000 million Belgian francs. DELHAIZE has supermarkets, a decreasing number of old-style shops, and a chain of affiliated independent traders selling under its name; but at the time of the agreement it had no hypermarket. DELHAIZE had had a special relationship with the co-operative movements after the Second World War, with which it had founded a central wholesale buying organisation, known as CHAINCO, at the end of the hostilities, thus facilitating the resumption of operations by all co-operative stores, which were closed during the occupation. As business gradually returned to normal after the war there was less and less reason for CHAINCO to exist, and it finally closed down. But non-commercial contacts continued.

B. The co-operative partners

The financial difficulties of consumers' co-operatives would have made them unable to participate unaided in Distrimas up to the intended amount of B.Frs. 128,571,000 for each movement. It was therefore not they who became the partners of DELHAIZE and CARREFOUR.

(a) On behalf of FEBECOOP, Prévoyance sociale (PS), a co-operative insurance society which is one of the largest Belgian insurance companies, took over the whole investment unaided.

(b) For FNCC, the solution arrived at was more complex; it was to found a co-operative investment society, AUXIPAR, whose founder members participated in the capital as follows:

- the "Assurances populaires (LAP)" an insurance company wholly owned by the FNCC: 50 per cent;
- the VOLKSDEPOSITOKAS (VDK)a co-operative deposit bank: 2 per cent;
- the "Caisse de l'économie populaire (CEP)", a co-operative deposit bank for the Walloon region: 2 per cent;
- the FNCC: 2 per cent;
- the "Maison du Travail", an association of the Christian movements each participating in proportion to their real property assets: 44 per cent.

(As its members are trade unions and mutual benefit societies, the curious paradox arose that organisations for the defence of workers' interests became shareholders in capitalist companies.)

It might accordingly be considered that in the case of both movements the financial investment was made by the most prosperous partners in the groups, except that, for the Socialist movement, co-operatives only are concerned, whereas the Christian participation is by no means limited to co-operatives but involves all types of king-class organisations.

RESPECT FOR CO-OPERATIVE DEMOCRACY FOR OBTAINING APPROVAL OF THE AGREEMENT

This aspect of the question must also be looked at separately for the Christian and Socialist movements respectively.

A. For the Christian movement

The decision was taken not by the leaders of the co-operative movement but by the Christian Workers' Movement (MOC), the supreme moral authority for the Confederation of Christian Trade Unions (CSC), FNCC and the Christian mutual Associations.

It was impossible in these circumstances to consult rank-and-file co-operators in general. It is also relevant that Bien-être, as a limited-liability company, has no co-operators, unlike EPECE, which officially opposed the agreement but nevertheless participated through its deposit bank, the CEP.

B. For the Socialist movement

Here things were simpler because the agreement concerned only FEBECOOP and those of its affiliates having the status of co-operative societies.

The project was first of all submitted to the financial committee of PS, and then to its Board, whose members include two leaders of the French co-operative movement. At the Board meeting the proposal was adopted unanimously, apart from one abstention (that of KV Hoboken); and the representative of the French co-operatives, who was present, said that he would have done the same in France had he been in the position of the Belgian co-operatives. The project was next discussed by FEBECOOP's national executive, which approved it, with certain reservations by KV Hoboken, and then by the National Council of FEBECOOP where, in spite of some members' reluctance, it was accepted unanimously, with two abstentions (those of KV Hoboken).

Some of the reasons for the reluctance shown by members of FEBECOOP may be inferred from the procedure followed and from minutes. They were:

- aging sales organisation and poor management, leading to the conclusion of an agreement with partners who would make use of the co-operatives instead of helping them;
- the opportunities for Distrimas to compete with the Liège co-operatives affiliated to FEBECOOP, and also with co-operatives in Lorraine (France), some of whose shops were on the Franco-Belgian frontier;
- the fact that decisions were taken at the summit, and information from the base was considered as secondary (as one of the

members of the national council remarked), as regards restructuring the organisation (in connection with shops, new appointments, etc.);

- the break-up of the association (to which the General Secretary of FEBECOOP drew attention) due partly to a lack of new co-operators, particularly young people, and to insufficient participation by members of long standing.

THE CONSFQUENCES OF THE AGREEMENT

A. Outside reactions to Distrimas

The co-operative movements were greatly surprised at reactions to the Distrimas agreement. These varied from astonishment to alarm and outright opposition. The press expressed astonishment at the announcement of this agreement - at first sight an unnatural one - between capitalists and co-operatives. Spokesmen of middle-class (small traders) expressed alarm at an agreement which through co-operative participation brought politics into the distributive trades and to the service of capitalism. Consumer protection movements (TEST-ACHATS and UFIDEC) thought it impossible to reconcile commercial interests with consumer protection. Finally, the agreement led to a two-year break in relations with EURO-COOP and the ICA, but not to the exclusion of Belgian co-operatives from the latter as foreseen originally. It seems, then, that relations between the Belgian co-operatives and international movements are gradually returning to normal.

Particularly worthy of note is the law promulgated in 1975 to limit new commercial ventures, which is probably one of the consequences of middle-class alarm at the Distrimas agreement, since it results from the pressure they have brought to bear on the Government. It succeeds the padlock law, of which it is an extension, and one of its consequences has been to put a stop to expansion by Distrimas which, since the agreement, has opened only one new hypermarket.

B. Within Distrimas (1)

Some features of the existing enterprise have been changed by co-operative participation which has raised problems and entailed changes in its organisation.

Under the "consumer protocol" forming part of the comprehensive agreement for participation by the co-operatives, information was to be made available on goods sold and a person appointed to look

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(1) According to an internal Distrimas working paper dated 10 March 1977 entitled: La politique "intérêts des consommateurs" de Distrimas, Belgique.

after consumer interests in each unit; each unit was to set up a consumer group, and there were to be permanent arrangements for training and information.

Among the difficulties which arose were the following:

- that of winning over managers and managerial staff of hypermarkets, who saw no need for a policy for the defence of consumers' interests;
- a lack of clarity regarding the functions and status of consumer representatives;
- the fact that no funds were allocated to cover the cost of training and information;
- the lack of any precise programme or of working methods clearly defined as regards sales policy.

Annual programmes were drawn up to overcome these difficulties gradually. They covered, and still cover:

- policy on the quality of goods stocked;
- propaganda campaigns among staff of all grades;
- persuading consumer groups to participate more actively.

The working paper of 1977 concludes that there are solid grounds for optimism in that the Managing Director is heart and soul in favour of the new policy, the team looking after consumer interests is motivated and full of ideas, and consumer groups, though few, are very militant. It ends by stating: "The distributor is a link between the producer and the consumer. Sooner or later he has to choose between them. In Distrimas it is clearer every day that out commitment is to the consumer".

One can only hope that such optimism will prove well-founded; but it is too early to give statistics of the results achieved. It is to be hoped that figures and results will come up to the Belgian co-operatives' expectations.

CONCLUSIONS

Having now considered the facts which led the Belgian co-operatives to take part in a capitalist distributive undertaking, the author feels he should try to draw some conclusions. This is no easy task, since the experts on co-operatives themselves disagree, sometimes on fundamentals. Thus in the view of some Belgian experts the Distrimas agreement is perfectly in line with the co-operative doctrine, whereas others accuse the Belgian co-operatives of betraying that doctrine by agreeing to co-operate with capitalist enterprises instead of keeping them in check.

Although this paper does not attempt to take sides in the controversy, a number of questions which logically arise from it be asked:

The first of them is whether the Belgian co-operatives are applying the co-operative doctrine. The fact is that the wording of co-operative principles agreed on at the 23rd Congress of the ICA in 1966 in practice allows anyone to interpret them as he pleases. This enables co-operative movements to adapt themselves to conditions in the country in which they are set up or expanded and to the special needs of their public. But when the co-operatives concerned are highly developed, when they are second or third-degree co-operatives like AUXIPAR, some points of that doctrine are unsuited to them; and although they still bear the name of co-operatives, it may be asked whether at that level they are still co-operatives in spirit.

Consequently, the second question which arises is whether the co-operative doctrine should not be radically recast and adapted to the development of existing co-operative societies, which have to yield to modern economic, social and commercial pressures merely to survive.

The third question which concerns the present size of some co-operative societies, is whether such great size is desirable and does not prevent them from applying co-operative rules even were these revised. The problem is a particularly topical one, as the present economic crisis shows that the enterprises which best ride out adversity are the small and medium-sized ones, which are more adaptable to change. One wonders whether it might not be advisable to restrict the size of societies in order to increase the participation of their members, while retaining the centralisation of some services when it is necessary. The great advantages offered by electronic data processing might facilitate a change of this kind.

The financial aspect of the Distrimas agreement was complicated, and in spite of this, some members objected that FEBECOOP had taken its decisions without consulting the members. But it is questionable whether the members would be capable of understanding such financial matters and giving a valid decision on a project of this kind. In present circumstances the answer to that question would probably be negative, first of all because practically nothing is done to make such problems more easily understood by the members, and secondly because no training is given to help to understand current problems and, hence, to allow members to take a full and useful part in decision-making.

The fourth question is therefore whether it is not essential, not to say vital, for co-operative movements to work out a system of training suitable to the needs of the public in general and co-operators in particular, while making every effort to find ways of simplifying data with which co-operators should be familiar, balance sheets for example. In addition, greater attention should surely be paid to ways and means of transmitting information quickly. A democratic system inevitably functions rather ponderously, and this may be used as an excuse for not consulting it and for urgent decisions

to be taken by the management alone. This is what happened in the case of the Distrimas agreement which, moreover, was kept secret as long as possible.

Clearly, the problems co-operatives have to face are interrelated, and the difficulties of solving one problem complicate another or are an obstacle to its solution.

Thus, lack of member participation makes fully democratic action difficult, and the absence of young people deprives the various management bodies of the indispensable spirit of dynamism without which they cannot operate adequately. In Belgium, very probably, these were two of the main reasons why top management failed to realise in time the need to restructure and implement new policies when the padlock law was repealed in 1960. So far all that has been done is to note this fall-off in interest without trying to remedy it, regarding it as a society problem. Group consciousness and the spirit of participation are, however, highly developed in young people, although it is at the same time noticeable that very few people know what a co-operative really is. The remedy is surely to apply urgently an all too often forgotten co-operative principle, that of spreading the teaching of the co-operative doctrine. In Belgium there is virtually no such teaching anywhere, either in the schools or for the public. Could not a larger proportion of co-operative profits go to training and information? This, the fifth question, is parallel to the fourth, which it supplements.

Finally, two commercial and economic questions arise:

- First, whether it is possible simultaneously to pursue a commercial policy and genuinely defend consumers' interests. Consumer organisations say it is not, because the interests of the consumer may be contrary to those of management. The Distrimas agreement sets out to prove the contrary. It has yet to be seen whether it will succeed in doing so.

- Secondly, - and this has already been much discussed - is it possible for the same persons to be concerned with both the moral and the management aspects of co-operatives?

The seventh question, a financial one, is whether a co-operative movement is free to use its funds as it pleases, or whether it should subject itself to fundamental rules on this subject, the requirements of financial management being on occasion far removed from the co-operative ideal. For example, should the Belgian co-operatives have risked 1,100 million Belgian francs to set up hypermarkets of their own, possibly in co-operation with other national co-operative movements, at the risk of financial disaster, rather than making a fairly safe investment in Distrimas and so attempting to influence capitalist management?

These questions are important, and failure to answer them clearly and precisely will make it all the harder to find an answer to two other questions which the author was asked recently. There are:

- Are not co-operatives in their present state purely and simply capitalist - or at most para-capitalist - organisations?

- What, nowadays, is the use of consumers' co-operatives?

Original French

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Table VI: Consumer's co-operatives in Europe, 1973

Country	Position according to turnover	Population (millions)	Members	Shops	Employees	Turnover (thousand million B.frs.)	Wholesale percentage	Percentage of retail food market
Germany (Fed. Rep.)	3	61.3	2,020,000	4,200	67,500	107	8.8	6
France	5	51.9	3,050,000	7,350	42,000	75	2.5	5
Italy	10	54.5	1,600,000	3,500	5,300	14	0.5	1.5
Benelux	11	22.5	900,000	2,800	7,000	11	1.8	3
United Kingdom	1	56.6	10,950,000	24,000	213,800	110	8	15
Denmark	7	5.0	920,000	1,900	18,300	41	12.2 (1971)	22
EEC		251.8	19,440,000	43,750	352,900	367		
Sweden	2	8.2	1,665,000	2,600	65,600	115	18.0	20.5
Norway	8	4.0	425,000	1,800	13,200	25	11.4	
Finland	4	4.8	1,180,000	4,300	78,600	81	32.8	40
Austria	9	7.5	600,000	1,200	17,000	22	11.5	
Switzerland	6	6.4	900,000	1,950	33,000	47	8.8	12.8

The above information comes from various sources, including "Coopération, distribution, consommation", (Paris) No. 11, of 1974, and has been completed by the ILO Co-operative Branch.

Colombia

An experiment in co-operative integration in Colombia (1)

A group of major co-operatives in Colombia, believing that the ideal of co-operative integration is often lost sight of in interminable discussions on the legal forms which it should take and on internal power structures, has decided to set up a system of practical integration concentrating on aspects of common interest.

Thus there was created, on the initiative of the "La Equidad" Insurance Co-operative (a co-operative services union grouping over 260 organisations), the so-called "Co-operative Action Pool", in which a number of co-operatives, savings funds and similar non-profit-making bodies joined forces to co-ordinate exchanges of services for the benefit of their members and the community as a whole.

It is important to note that the Pool is not an institution, nor has it been assigned any tasks of representation. Nor can one even speak of it as being an organisation, since although it has accomplished some of its tasks in an organised manner and in accordance with regulations, it does not in itself possess an administrative structure or legal personality, nor does it constitute an economic body.

Nevertheless, 733 vehicles of a total value of 121 million pesos were sold through the Pool in 1975, with a total discount of 11 million pesos for the beneficiaries of the service. Approximately 50 per cent of the operations were conducted with Chrysler, 35 per cent with Renault and 15 per cent with Fiat, which have assembly plants in the country.

Even though they relate only to vehicles, these figures indicate that the Pool has justified its existence and is carrying out an important task efficiently.

The fears of certain representative organisations, whose opinions of the Pool showed their complete ignorance of its objectives and work, had to be calmed by convincing them that - to put the matter in down-to-earth terms - it was rather like a friendly luncheon party between people sharing the same ideals and ambitions.

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(1) By Francisco de P. Jaramillo G., President of the Colombian Co-operative Association.

This was, in fact, precisely how the Pool began - as the result of frank and open conversations over the dinner table between friends who did not suspect the importance of the projects and initiatives they were discussing, many of which still remain to be put into effect.

An important antecedent was the agreement between the Employees' Co-operative of the Agricultural Credit Fund, the Co-operative of Avianca Workers and the Employees' Fund of the Bank of the Republic to join forces so as to offer cheaper and better quality goods to their own members and the general public.

In addition, it has always been the policy of the Employees' Co-operative of the Agricultural Credit Fund to conclude special agreements with other types of co-operatives, mainly savings and credit co-operatives, to enable the members of the latter to place orders with its consumer services.

Surprising as it may seem, these were the modest origins from which sprang what we know today by the somewhat high-sounding name of Co-operative Action Pool.

But it is possibly this very modesty which is the key to the Pool's past and future success. It reflects the simplicity and spontaneity with which some leading officials of co-operatives and staff savings funds got together one day at a luncheon offered by La Equidad and began to discuss their difficulties, their plans and the way in which they might exchange experience and unite to initiate large-scale projects.

The Insurance Co-operative encouraged these working-luncheons in the conviction that co-operative integration, about which so much has been said, does not involve merely the will to associate, but also, and above all, a permanent readiness to exploit the potentialities of the co-operative movement to the full and to set in movement machinery for mutual assistance, not between individuals but between institutions, thus providing a concrete example of co-operation between co-operatives and laying the foundations of what might be termed the "Sector of Economic Solidarity".

Far from being a wild invention, co-operation between co-operatives is the logical outcome of the system, and the idea was enthusiastically received by other organisations, such as the Workers' Bank, Financiacoop, the People's Co-operative Fund, the Pollos Vencedor Multipurpose Co-operative, the Employees' Fund of the Bank of the Republic, the Telephone Workers' Co-operative, Copidrogas, etc., which sponsored further working luncheons.

To obtain a maximum efficiency, the Pool operates through various committees which examine ways and means of offering new services in their respective fields. As mentioned above the balance sheet of the Vehicles Committee is in a very healthy state. There have been some achievements in the field of recreation, but much still remains to be done. In the field of housing the Committee for the Promotion

of Co-operative Housing has a number of concrete plans for immediate implementation, and is obviously off to a flying start. As regards electronic data processing it is highly probable that plans for about ten large co-operatives will be finalised in the coming months. In the field of insurance increasing use has been made of the services of the specialised co-operative. Interest in consumer co-operatives has taken a more positive turn, and there is hope that major agreements will be reached in the near future. In the field of health and social security in general, co-operatives of doctors, dentists and members of other liberal professions have a vast opportunity to develop plans for large-scale coverage at low cost. In the field of financing, the Co-operative Financing Institute, the Workers' Bank, the Central Co-operative Institute for Credit and Social Development and the Social Savings Funds may achieve better co-ordination of their services so as to avoid overlapping or at least so that each of these institutions may concentrate on specific areas of activity using the most appropriate means for the purpose. Little has yet been done in the field of advisory services, but co-operatives and savings funds may expect assistance from the Pool in the legal, economic, administrative and marketing fields and even in the field of taxation when circumstances require.

As regards education, the Pool offers interesting prospects to the University Institute of Social Economics and Co-operativism (Indesco), the Co-operative Institute of the University of Santo Tomas and specialised departments of second-degree organisations for continuous and effective assistance in this basic field of co-operative activity.

The Pool may embark on other activities in the future, in particular the planning and organisation of ways and means of satisfying the needs of non-profit-making institutions at the service of the community.

In view of the growth of the Pool, its 90 or 100 member organisations are considering whether, in the light of its achievements and the possibilities it offers, the Pool should have a structure, acquire legal personality and thus become a new co-operative institution.

The first question is what type of organisation the Pool should become. Within the present legal framework the best solution would appear to be a federation or a union, namely an organisation whose aims are basically economic, since there would be little sense in its taking the form of a league, union or association whose purposes would be mainly cultural or representative: although different members of the Pool have dissimilar interests, what they seek is not representation, but ways of maintaining permanent contact with other similar organisations and benefiting from their experience.

Having rejected the possibility of the Pool's taking the form of an association of co-operatives and various Funds, given the idea behind its creation, let us examine the desirability of its functioning as an economic federation.

This is out of question since, on the basis of the law in force in Colombia, federations or unions must be formed according to branches of activity and the one main characteristic of the Pool is the diversity of the objectives of the co-operatives and various Funds which form its membership.

Quite apart from this objection, however, one wonders what point there would be in transforming the Pool into a federation or union, and one would certainly reach the conclusion that present needs and conditions do not warrant such a transformation.

There is, nevertheless, a third possibility, namely that the Pool should reject the system of organisation followed by second-degree co-operatives and should constitute itself as the legal entity under civil law in the form of a corporation, club or professional association.

But this would not only have the disadvantage of causing the Pool to lose much of its co-operative character, but would also leave unanswered the basic question of why it should be legally institutionalised.

All will agree that this is the fundamental issue facing us today, since there is every indication that, given the services rendered by the Pool and the promising prospects it offers, co-operative officials would be unwilling to see it disappear without trace like a brilliant but ephemeral shooting star.

Further, the existence of expenditure, which in its turn requires funds, points to the need for a legal entity to link the various organisations. In addition, greater demand for the services of the Pool would require, over and above the resources mentioned, a number of officials to deal with such requests, and there are therefore reasons for at least attempting to settle the question of the legal institutionalisation of the Pool.

The general conclusion of the thinking on this subject has been that such institutionalisation was not necessary and even undesirable.

Indeed the situation can be analysed as follows: as has already been explained, the Pool has never claimed to be anything more than a means of action agreed upon among co-operatives and Funds to improve services to their members and the general public. It has never claimed to set itself up as an association, nor has it pressed members to seek new channels of co-operative representation. On the contrary, existing second-degree organisations have been urged at all meetings to participate openly in programmes of exchange and promotion arising out of personal contacts between co-operative leaders. Taking as a basis the time-honoured principle that the number of organisations should not be multiplied needlessly, where powerful organisations already exist for the purpose of representation, they should be increasingly strengthened and enabled to keep pace with the new requirements of co-operative development.

In application of the co-operative principle of voluntary association the existence of the Pool and the continuity of its operations must logically depend on the internal dynamics of the movement itself. If the latter is vigorous and constantly seeks to extend its horizons, the existence of the Pool will be increasingly justified and its efficiency improved, provided, of course, that co-operative leaders co-ordinate their action.

As regards the question of the funds to be placed at its disposal, it should be stressed that these would be of an ad hoc nature, being allocated for a specific campaign or the payment of a specific service (printing, postage, board and lodging, etc.); the opening of a special account might be envisaged for this purpose, to be financed out of contributions from co-operatives and Funds for a given job. Other resources would come from donations or sales commissions from suppliers, etc. A special committee would be appointed to administer this account, which would not necessarily be a large one as it would cover only incidental expenses.

The creation of the executive or administrative posts which the Pool will require at a given time might be a more difficult matter. In the case of temporary requirements for the performance of a given task, such as an enquiry into the needs of co-operatives for electronic data processing services, the best solution would no doubt be a contract for the performance of services binding the institutions directly concerned. If, however, more permanent arrangements were required, for instance in the case of a co-ordinating secretariat, these might more appropriately be made through one of the second-degree organisations, which would be provided with resources for the purpose.

Having in this way set aside the most obvious difficulties of working without an institutionalised legal framework, one should now ask whether at a certain point such a framework might become an opposition to the final aims. One of the major advantages of the Pool with its present mode of operation is that it offers the widest possible guarantees for the ideological, political and social pluralism of its members. Leaders who in other situations are in acute opposition work together in full respect for each other's convictions and attitudes in a spirit of frankness and solidarity. No attempt is made to impose a line, nor are there campaigns in favour of the one or in defence of the other; practical studies are made and decisions taken with a view to solving common problems in a spirit of goodwill.

This commendable pluralism, which imposes the obligation to co-exist and to surmount passing differences of opinion, might be seriously affected by institutionalisation, which would result in efforts to impose a single line and in jockeying to obtain leading posts. At the present time there are no positions of power in the Pool giving rise to disputes or conflict; there are merely positions of responsibility which are freely assigned to those who offer to occupy them.

This aspect is so important that it has been considered, in the light of experience in other countries, to drop the idea of setting up a co-operative confederation, an apex body, to represent the Colombian co-operative movement at the highest level.

Not even countries such as Sweden, where co-operatives are highly developed, can afford such a luxury, precisely because of the problems raised, since such an organisation exasperates rivalries, stirs up ambitions and arouses the lust for power which brings in its wake a dogmatism and intransigence which can only hamper the effectiveness of co-operative action.

The Pool, on the other hand, has given rise to institutions for the achievement of specific purposes (such as the Auxiliary Co-operative Institute known as co-operative integration centres, COOCENTROS), which have as their aims to build premises and other facilities for co-operatives to conduct property transactions for co-operatives, to organise and co-ordinate electronic data processing services, etc.

An unexpected event has, however, placed the Pool on its guard. Certain zealous officials of the Ministry of Finance and others from the district of Bogota have tried to impose on co-operatives and workers' funds, all of which are non-profit-making organisations, the obligation to pay taxes on their income and on their transactions, despite the fact that the law expressly states that such bodies are not liable to taxation of this nature. In recent months the Pool has thus had to endeavour to impress upon these officials the fundamental differences between co-operative undertakings and those of a commercial nature.

In closing, it should be stressed that, although the Pool has already noteworthy achievements to its credit in the short period of its existence, it could do still more if co-operatives and Funds, as well as all those that may wish to join it realised that its machinery should neither be the instrument of one or the other, nor seek to impose a policy line and even less to accord privileges; it should serve exclusively to bring co-operative leaders together for a profitable exchange of experience, to facilitate agreement on practical matters, and to implement joint projects which would be beyond the reach of an isolated organisation because of their size or cost.

Even if the Pool had done no more than bring a large number of co-operative leaders to the conference table and get them to discuss matters of joint concern, this alone would have justified its existence and given ground for optimism as regards the future of the Colombian co-operative movement.

Original in Spanish

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General

Problems of Co-operative Management in Africa (1)

INTRODUCTION

What is management?

When dealing with problems of co-operative management in Africa, the first thing to do should be to give a clear definition of what is management. However, if undertaken among scientists, this would turn out to be a formidable task, given the fact that there is a jungle of management theories evolved by a variety of schools (scientific, mathematical, empirical, operational, etc.) each drawing on a variety of social disciplines like Economics, Business Administration, Sociology, Statistics, etc. To illustrate the dimensions of this jungle: between the years 1960 and 1970 more than 12,000 volumes were published on the subject of Management in the English language alone.

For the purpose of this general survey of problems of co-operative management in Africa it may be sufficient to state that all management principles ultimately converge on the principle of efficiency and to refer to the Mnemonic POSDCORB, which in a nutshell contains the main functions of management:

P = Planning,
O = Organisation,
S = Staffing,
D = Direction and Decision-making,
CO = Control, Co-ordination and Communication,
R = Representation,
B = Budgeting (2).

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(1) Paper presented at the ACOSCA International Workshop for Managers of National Associations of Savings and Credit Co-operatives, held in Nairobi, Kenya, 7th - 11th March 1977 by Hans-H. Münkner, University of Marburg, Federal Republic of Germany.

(2) Cf. Dubhashi, P.R.: Principles and Philosophy of Co-operation, Poona, 1970, pp. 194-195.

Is there a difference between management and co-operative management?

If looked at from a purely technical point of view, a co-operative enterprise has to carry out economic functions which are similar to those of other business organisations. It is not reasonable to try to construe a difference between co-operative market research as opposed to commercial market research or co-operative budgeting as opposed to commercial budgeting. This is what Dubhashi means when he says: "There is nothing in co-operative ideology which goes against sound management of co-operative business and at the same time there is nothing in scientific management principles which should circumscribe their application to co-operative enterprise" (1).

However, there are some basic differences between the management structure of a commercial business undertaking and a co-operative enterprise.

In a co-operative society the co-operative enterprise is combined with a social institution, constituted by a group of persons who run the co-operative enterprise, because they expect economic benefits in form of services rendered to them by their jointly owned enterprise; services which they would be unable to obtain individually.

Accordingly, the success of co-operative management is measured not only by its ability to make the business organisation efficient but at the same time by the quality of services the co-operative enterprise is able to perform for the members.

Hence, where the management of a company can concentrate its efforts on business efficiency in a neutral market without having any commercial business dealings with its shareholders in which the shareholders could require to be treated in a special way, it is the responsibility of co-operative management to aim at success as a business undertaking and as a service oriented institution and to perform the management functions in such a way that a fair balance between the two objectives is achieved (2). This particular institutional connection of member/shareholder and business partner and the resulting combination of two objectives (business efficiency and service orientation) is a characteristic feature of co-operative management.

There is still another difference between commercial business management and co-operative management.

In private business firms of some volume and complexity, all management functions and the decision-making process they imply are usually performed by employed, professional top executives.

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(1) Cf. Dubhashi, P.R., op. cit., pp. xi, xii.

(2) Cf. Watzlawick, H.: Aspects of Co-operative Management, in: Management and Productivity, ILO, No. 36, 1971/1, p. 48.

In co-operative business the situation is different. By definition co-operative enterprises have a democratic management structure which constitutes a safeguard to maintain the service orientation of the co-operative enterprise.

Watzlawick describes this peculiar co-operative management structure as that of a co-operative management team consisting of

- the general membership;
- the elected boards or committees, and
- the (usually employed) managers,

and he defines co-operative management as "a complex decision-making process within a three-level management pyramid" which aims at achieving a proper balance between business efficiency and member promotion (1). As a result of this peculiar management structure, the decision-making process in co-operative enterprises is different from that in private commercial firms.

The basic difference between ordinary management and co-operative management can be summarised in two points:

- the special objectives of co-operative management, which are member promotion in addition to the ordinary objective of business efficiency; and

- the democratic management structure which entails a peculiar decision-making process in the co-operative enterprise.

GENERAL PROBLEMS OF CO-OPERATIVE MANAGEMENT

Most problems of co-operative management result from the special objectives and the peculiar management structure of co-operative enterprise.

Due to the limited time available for this paper it is impossible to deal with these problems in any detail. Since there will be a series of special lectures on co-operative management in the course of this workshop only some important questions will be raised before coming to the principal subject matter, namely special problems of co-operative management in Africa.

Co-ordination of the economic interests of the members customers and of the co-operative enterprise

One of the key problems of co-operative management is how to render a maximum of promotional services to most of the members without neglecting to build a sound financial basis for the co-operative enterprise. In other words, the problem is how to balance the short-term

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(1) Cf. Watzlawick, H., op. cit., p. 49.

interest of the individual members and the long-term interests of the group entity. This leads to another problem:

Democratic decision-making and efficiency

In co-operative societies democratic decision-making is used as a safeguard to ensure active participation of the members and due representation of the members' interests in the decision-making process.

The problem here is how to balance the desire for member participation in decision-making and the requirement of every business organisation to have decisions made with expertise and without delay. This problem has to be solved by way of distribution of powers between the members in general meeting, the elected boards or committees and the employed management. These questions will be taken up later in this paper.

How to measure the efficiency of a service oriented enterprise with a democratic structure?

It is the primary objective of the co-operative enterprise to promote the economic interests of its members. This peculiar objective makes it more difficult to assess the performance and to measure the efficiency of co-operative management as compared to management in private commercial firms, when success can be measured in terms of profits made.

In many instances optimal member promotion can only be achieved by the co-operative enterprise if the management renounces to make possible gains for the co-operative enterprise. This is the reason why the economic results of a co-operative enterprise cannot be read from the balance sheet. As a consequence, mechanical audit (certifying that the books of an enterprise are correct, complete and duly vouched) is not sufficient to assess the performance of co-operative management. It is necessary to extend the audit to cover evaluation of the quality of management decisions with regard to the dual objective of member promotion and business efficiency.

According to the classical concept of co-operation this form of comprehensive control has to be carried out by the members in general meeting; however, it is quite clear that the general membership of co-operative societies usually does not have the required know-how and level of information to exercise this kind of democratic control. There is a need to provide for a supplementary controlling agency, internally by establishing a supervisory council or externally by introducing audit through a co-operative apex organisation or through a governmental audit service.

SPECIAL PROBLEMS OF CO-OPERATIVE MANAGEMENT IN AFRICA

Since 30 to 40 years co-operatives play a significant role in African countries. While the tole of co-operative societies has

changed from institutions sponsored by Colonial Governments to instruments for the implementation of social and economic development programmes of independent African States, the problems of co-operative management have largely remained the same.

With reference to Indian co-operatives in 1930, Kaji gave the following description:

"Loose management, low paid inefficient staff, or honorary staff for directorial and even for routine day-to-day work, small scale operations, too much spoon-feeding, inordinate desire for concessions and privileges have unfortunately been so closely associated with the working of co-operatives in India that co-operative management is referred to as an antithesis to efficient business management" (1).

In a very interesting study of East African Co-operatives by Goran Hyden: Efficiency versus Distribution, published by the East African Literature Bureau in 1973, the author comes to the following conclusion with regard to business performance of East African co-operatives: "It is difficult not to hold the view that positive impressions are exceptional" (2).

Today, lack of efficiency of co-operative enterprises and how to improve the quality of co-operative management are still the major problems discussed among promotors and officials of co-operative development projects.

Before trying to identify means and ways how to build up and to improve the business efficiency of co-operatives, it is necessary to make an attempt to analyse the reasons why business efficiency is lacking in co-operative enterprises in Africa.

Contradiction between socio-economic realities and expectations

Promotors of co-operative development in Africa introduced a type of organisation which had been developed under socio-economic conditions of Western Europe and America where co-operatives had gained themselves a good reputation of being effective agents of social and economic change. It was generally expected that co-operatives in Africa would have a similar impact as development tools as they had shown in Western countries. However, when introduced into a different social, cultural, economic and political setting, it has become more and more obvious that co-operatives in Africa face specific problems and will have to develop their own specific structures in order to be fully accepted by the local people and to fit into the environment. Only then co-operatives can become effective agents of socio-economic change.

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(1) Cf. Kaji, H.L., Co-operation in Bombay, Bombay, 1930, p. xiv.

(2) Cf. Hyden, G., Efficiency Versus Distribution. East African Literature Bureau, 1973.

The Western concept of co-operation is built on the assumption that persons join co-operative societies because they want to meet their individual economic needs together with others who have similar economic problems.

Thus, people are grouped together because they want to pursue a common economic objective and their loyalty to the co-operative is mainly determined by the degree to which the co-operative enterprise satisfies their needs.

In Africa, especially in rural areas, but also (maybe to a lesser degree) in urban areas the individual members of co-operative societies are at the same time members of informal groups (family, clan, tribe, location, religious or political groups) and the loyalty to their informal group often is by far stronger than their membership link to the co-operative society.

For co-operatives the membership of which consists of persons belonging to several informal groups, this means that mutual trust among members does not go beyond the boundaries of these informal groups and that the common interest of all members in developing their enterprise comes only second to the interest of the members of informal groups to promote the well-being of that particular group. This situation creates particular problems for co-operative management in Africa. In this context another assumption on which the Western concept of co-operation is built, namely "open membership" leading to the formation of homogeneous groups may have to be looked at from a different angle.

Rapid growth of co-operative institutions

During the past several years the overall efforts to promote economic and social development in Africa has brought about a relatively rapid growth of existing co-operative societies both in volume of business and size of membership. More complicated business methods were introduced and modern technology often is reaching down to the grassroots level. In many instances the committees and employees who used to manage reasonably well in a small local society find it extremely difficult to cope with the new situation. They have not grown in competence as their co-operative enterprise has grown in size and complexity. This situation may lead to a feeling of incompetence and subsequently to frustration among office-bearers and staff and calls for a new approach in election of leaders and in staffing.

Outside goal-setting

Co-operatives in Africa are highly influenced by outside interests. Apart from the influence of informal groups operating inside the co-operative society on the decision-making process, goals for co-operative management are set by government agencies in an effort to bring about greater efficiency of co-operative enterprises as

part of government's overall development strategy. Thus, the management of co-operative enterprise is not free to determine its own objectives but is rather subject to a number of outside influences which cannot easily be ignored. Often co-operatives are put under political pressure or strict government supervision and are made to comply with objectives set by government agencies. As a result, co-operatives are forced to serve too many interests at once, which is detrimental to their effectiveness as local organisations for the promotion of the economic interests of local people.

Lay-committee as a dogma

It is accepted by co-operators in most countries of Africa as a matter of principle and is laid down in most co-operative laws that persons elected to serve on a committee have to be honorary workers. The old ideas of the time of the Rochdale Pioneers that there must be a clear line between the owners (members and their elected representatives)on the one hand and employed staff on the other, and that, accordingly, employees are disqualified to stand for election to the management committee, still prevail in African co-operatives, whereas this dogma was abandonned long ago in most European countries.

Lack of qualified managerial staff

The lack of qualified managerial staff is often quoted as the main impediment in the way of increasing the efficiency and effectiveness of co-operative enterprises. During the past several years many efforts have been made to organise training programmes and to provide well trained staff for co-operative institutions. However, as can be seen from the points discussed earlier, to raise the level of efficiency of co-operative management is not simply a problem of providing better staff or of improving skills in the technical field.

Basically, it is a problem of adjusting the entire organisational structure of co-operative societies to fit into the socio-economic environment.

Nevertheless, as in every business organisation, the availability of qualified and motivated staff is one of the preconditions for efficient management in co-operative enterprise. The specific problems of recruitment of staff, conditions of employment, career prospects and control will be dealt with under a separate heading.

Insufficient equity capital

Lack of equity capital and dependence on government loans or grants can be seen as another impediment to increased efficiency of co-operative enterprises in Africa.

As in the case of managerial staff the problem is not only that of substituting a missing input. Co-operative societies have to build up their own financial basis over an extended period of time and as a rule they are capable to do so, provided that the members and the management understand the need to make regular allocations to the

collective social capital rather than requesting that all surplus accrued in co-operative enterprise be distributed among the members.

PROBLEMS RESULTING FROM THE POSITION OF COMMITTEE MEMBERS IN AFRICAN CO-OPERATIVES

"It is possible to paint idyllic pictures of the relationship (between the committee of management and the staff of co-operative societies); with an informed and self-sacrificing committee, giving assistance and policy guidance to the staff but not interfering in day-to-day operations, and a well trained staff identifying policy choices for the committee and skillfully executing its decisions with a single-minded devotion to duty. But we have encountered that romantic view mostly among those who have no first-hand experience with the facts" (1).

This quotation brings out very clearly that one of the key problems in co-operative management in Africa (and not only there) is the composition and quality of the committee and its relationship with the managerial staff. In a survey conducted in Kenya in 1970/71 nearly 50 per cent of the committee members and staff interviewed were of the opinion that a co-operative is efficient when harmony exists between the committee and the staff (2).

How are committee members elected?

As a rule persons are not elected to serve on co-operative committees because they are good co-operators or because they have specific managerial skills, but rather for other, non-economic criteria. Usually committee members are chosen because of their social standing, because they belong to the local élite, because they are leaders or activists in traditional lineage groups, communities or self-help groups or hold official positions in religious or political organisations (3).

While such committee members hold the formal position of elected decision-makers within the co-operative management structure and as such have to represent the economic interest of the entire membership, they remain representatives of the informal groups by which they were elected (and will eventually be re-elected) and in this capacity they represent only a fraction of the entire membership of the co-operative society.

What are the objectives of committee members?

As elected leaders of a co-operative society and as representatives of informal groups operating inside the co-operative society

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(1) Cf. Report of the Presidential Special Committee of Enquiry into Co-operative Movement and Marketing Boards, Dar-es-Salaam, 1966, para. 59.
(2) Cf. Hyden, G., op. cit., p. 94.
(3) Cf. Hyden, G., op. cit., pp. 82, 83.

committee members may have to perform multiple roles. They may even be more committed to the interests of the section of the membership they represent, than to the interests of the membership as a whole. Hyden (1) describes the management process in co-operative societies in rural Kenya as a "constant struggle between these (informal) groups for control of the co-operative resources in favour of one's own group". This implied factionalism among committee members may become a major handicap for sound co-operative management and may make it impossible even for highly qualified staff, to manage the affairs of the co-operative enterprise in the best interest of all members, because in policy-making at committee level efficiency of the co-operative enterprise is not necessarily the primary objective of the policy-makers.

Attitude of committee members towards employed management

The committee of management represents the co-operative society as the employer vis-à-vis the staff. As a rule, committee men are no specialists in personnel management and recruitment of staff is often influenced by personal motives of committee members and by preference for the local man rather than by the consideration of finding the best qualified man for a job.

In a survey conducted in Kenya it was found out that most committee members were reluctant to give much power to the employed managers. They were anxious to insist that staff must follow regulations literally and did not want the staff to use their own initiative (2). Accordingly, many employees feel that they do not enjoy sufficient autonomy in their day-to-day managerial activities.

As the committee usually has power to determine the conditions of service, the salaries and promotions, the influence of the committee members on their staff is considerable. This power is even stronger when it comes to dismissal of employees. Dismissal of staff is in the absolute discretion of the committee and staff may be dismissed not only for matters directly connected with their performance on the job, but also for personal, political or other reasons.

The role of the chairman

Under such conditions the role of the chairman of the management committee becomes extremely important for the functioning of the co-operative enterprise.

As a rule, the chairman is looked at as the most powerful person in the co-operative society and as such he has to try to raise himself above the struggle among the various actions inside the committee and to be accepted by all committee members as an impartial

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(1) Cf. Hyden, G., op. cit., p. xi.

(2) Cf. Hyden, G., op. cit., pp. 94, 95.

leader. The chairman usually is the link between the committee of management and the employed staff.

PROBLEMS RESULTING FROM THE POSITION OF EMPLOYED MANAGERS IN AFRICAN CO-OPERATIVES

It has already been pointed out that employed managers have a relatively weak position in African co-operatives.

Compared to conditions prevailing in European countries, the mobility of staff is relatively low. Where recruitment is influenced by non-economic motives, the chances of outsiders to be recruited are poor even if the person is well trained. Where outsiders are recruited, they very often develop a feeling of not being trusted.

Conditions of service

As a rule there are no standard work contracts for co-operative employees. The conditions of service vary from place to place. This makes it very difficult to build up good management at union and apex level by promoting qualified junior staff from local societies into more senior positions in larger societies.

A major problem of co-operative staff is the insecurity of employment due to the fact that employees are subject to arbitrary dismissals at any time. This situation has a strong influence on the attitude of co-operative staff vis-à-vis the committee.

Many employees believe (or know from experience) that it is more important to be liked by the committee than to come up with own ideas of how to improve the business efficiency of the co-operative enterprise.

Salaries

Salaries paid to co-operative personnel are often low and non-attractive. Committee members may be reluctant to agree to pay qualified managers incentive salaries which eventually may be higher than the cash income of the respective committee members.

Since there are no criteria for assessment of job performance, salaries are usually not related to achievements on the job but are rather determined according to paper qualification. As a result, attendance of training courses is primarily regarded by staff as a means to ask for higher salaries and not so much as a chance to acquire additional skills (1).

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(1) Cf. Hyden, G., op. cit., p. 106.

Career prospects

As a rule there are no staff development plans at regional or national level and the chances to be promoted from one society to another are remote. Thus, the career prospects for employees of co-operative societies are poor. There is a high turnover of junior staff who do not join the co-operative movement for a life career but use co-operative education and training courses as a stepping stone for a career outside the co-operative movement.

Submissive staff under a powerful management committee, frustrated employees who see no chances for promotion irrespective of their performance on the job and a steady brain drain caused by the decision of more dynamic and ambitious employees to look for better career prospects in private business, all these factors add to the problems of co-operative management in Africa.

HOW TO SOLVE THESE PROBLEMS

The Unified Co-operative Service Act, 1968, Tanzania

In the Report of the Presidential Special Committee of Enquiry into Co-operative Movement and Marketing Boards it was suggested to set up a special commission to formulate recommendations with regard to

- work contracts for co-operative employees;
- salary structure;
- career prospects by way of transfer of employees from one society to another; and
- training facilities for co-operative personnel.

However, when the commission submitted its report, its recommendations were modified by the Tanzanian Government. It was decided to create a central commission (Unified Co-operative Service Commission) and to transfer the powers of co-operative societies with regard to recruitment, determination of working conditions and dismissal to this central commission, thereby creating a Unified Co-operative Service with certain similarities to the Civil Service.

It was felt that "the present state of co-operatives requires that the engagement and dismissal of employees of societies and unions be removed from the legal control of the committee, a control which is not exercised in fact and not infrequently - when exercised - is detrimental to the sound operations of the society or union" (1).

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(1) Cf. Report of the Presidential Special Committee of Enquiry into Co-operative Movement and Marketing Boards, op. cit., para. 55.

To achieve this objective the Unified Co-operative Service Act, 1968 had to be promulgated, because under the Co-operative Societies Act of Tanzania co-operative societies were conceived as autonomous entities with powers - including the power to recruit and dismiss their own personnel - vested in them.

To transfer these powers ultimately from the co-operative societies to the central commission, a special Act of Parliament was required.

The content of the Unified Co-operative Service Act

The Unified Co-operative Service (UCS) Act applies to

- all national societies;
- all secondary societies;
- such other registered societies as the Minister may declare;
- all employees of these societies other than daily rated workers (sec. 3 of the UCS Act).

A Unified Co-operative Service Commission was established with responsibility for maintaining, controlling and regulating the terms and conditions of service of officers of the UCS.

This Commission is composed of 1 chairman appointed by the President, 4-6 members appointed by the Minister responsible for co-operative societies, including one representative each of the Ministry and of the Co-operative Union of Tanganyika. Employees of co-operative societies and members of Trade Unions or Staff Unions are not qualified for membership (sec. 4, 5 UCS Act).

The functions of the Unified Co-operative Service Commission are to:

- prescribe the terms and conditions of service of officers of the UCS;
- appoint, promote, and transfer officers of the UCS;
- exercise disciplinary control over persons in the Service;
- make provisions necessary for the maintenance and control of the Service, including provisions for
  - joint negotiating machinery;
  - a superannuation fund or pension scheme;
  - advice to employing societies regarding training of officers of the Service;
  - interviewing and selection of candidates for training awards co-ordination and arrangements for courses of training;

- setting of promotional examinations for officers of the Service and

- advice to the Minister regarding the Service (sec. 8 UCS Act).

In the exercise of its functions the Unified Service Commission has power to:

- examine officers in the Service, i.e. to require holders of any office in the service to satisfy the commission of his proficiency and fitness to hold that office and to transfer any officer (with his consent) to a post commensurate to his abilities (sec. 15 UCS Act);

- grade posts and fix the salary scales attaching to the posts (sec. 16 UCS Act);

- notify vacancies and fill posts (sec. 17 UCS Act);

- second Government servants (sec. 18 UCS Act).

It is expressly stated in section 20 of the UCS Act that officers of the service

"are servants of, employed by and owe their loyality to the employing society, to which they are appointed".

Advantages and shortcomings of this scheme

There are several advantages of a unified service for co-operative employees. The recruiting procedures can be improved and political, private or similar motives for selection of candidates can be excluded (provided that the Commission itself is impartial). The new scheme makes it possible to set general standards for pre-service and in-service training, to offer comparable conditions of service throughout the co-operative movement, to offer career prospects which may attract more suitable candidates and to adjust salaries to what is paid for comparable jobs outside the co-operative movement, including superannuation funds etc.

Furthermore the UCS Act empowers the Commission to exercise a strict and effective disciplinary control of officers of the Service.

All this could lead to increased qualification and better motivation of managerial staff in co-operative unions and thus to greater efficiency of the co-operative enterprises.

However, it appears that the shortcomings of a unified service for co-operative personnel prevail.

There is the danger that the members of the Unified Co-operative Service Commission are bureaucrats rather than experts in personnel management and that the wrong type of persons are recruited for the

Service. The political influence could be increased instead of reduced if the members of the Service Commission are appointed for political reasons.

To withdraw the power to engage and dismiss employees from the co-operative society amounts to a very serious limitation of its autonomy. The choice of managerial staff is one of the key policy decisions within the co-operative enterprise which under the co-operative law and according to the principles of self-administration and democratic control has always been reserved for either the members in general meeting or the committee of management.

Where the managerial staff is recruited, supervised and promoted by a central agency, the distance between the members of co-operative societies and the management is increased and the loyal collaboration of the Central Service staff with the elected office-bearers of the society is called into question, so much so that the lawmakers when drafting the UCS Act found it necessary to stress that the officers of the Central Service are employed by and owe their loyalty to the employing society to which they are appointed (sec. 20 UCS Act).

In actual fact all powers of the employer are vested in the Unified Co-operative Service Commission, whereas the employing societies are left with the duties (to pay the salary fixed by the Commission) and risks (as to performance, calibre and devotion to duty of the employees posted to the society).

The attempt to improve the quality of management in co-operative enterprise by way of legal provisions and compulsory transfer of powers from co-operative societies to an anonymous commission appointed by the Minister without adequate representation of the Co-operative Movement on this commission appears to be too rigid. There may be other ways and means to bring about a similar effect while respecting the rights of self-administration and relative autonomy of co-operative societies.

Creation of centralised services for co-operatives at regional or national level

Another way to solve the problems of management in African co-operatives is to create centralised services for primary societies at regional or national level within the co-operative movement.

This method is already practised in Kenya where it is expressly stated in section 14 of the Co-operative Societies Rules (1969) that co-operative unions shall "provide, organise and supervise efficient centralised services for marketing, supplies, accounting, banking, transport and such other services as may be necessary for its members".

In the Philippines, an interesting project of establishing a centralised management service for co-operative societies is under way (1).

Under this project a central management and training pool is created, composed of top calibre managers, who may be assigned to actively manage a co-operative society, however, for the primary purpose of training an understudy to assume management thereafter.

The goal of the Management and Training Assistance Programme of the Philippines is to build up a corps of well-trained and competent professional managers of co-operatives.

In the ACOSCA Five-Year-Development Plan 1976-1980 the creation or extension of centralised services in the fields of accounting, audit, central finance and insurance are mentioned as important objectives to be achieved during the plan period.

To build up centralised services at regional or national level for primary co-operatives is more complicated than to prescribe centralisation by law. The committees of co-operative societies at local level have to be persuaded and convinced to make financial contributions and to delegate some of their powers and activities to the organisation providing the centralised services. This can only be achieved if the primary co-operatives are offered tangible advantages such as reduced costs, additional sources of income or a higher degree of efficiency in executing certain functions.

On the other hand the disadvantages of centralisation such as delays at society level due to distance and bad communications, increased dependence of local societies on the central organisation and subsequently loss of powers of the local management committee will have to be clearly compensated by the advantages in order to make such centralised services work on a voluntary basis.

This requires that the management of the central organisation develops dynamism, organisational creativity and a high degree of business efficiency - conditions which are not easy to meet under prevailing circumstances.

Thus, the creation of centralised services could be a step in the direction of better management in African co-operatives, however, to quote Hyden (2) "there is no evidence to suggest that centralisation of powers to unions (at regional level) per se increases co-operative efficiency".

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(1) Sec. 7 Presidential Decree 175 of 1973 and Regulations 57-59 implementing the provisions of the Presidential Decree 175 of 1973, Letter of Implementation No. 23.

(2) op. cit., p. 101 with reference to Kenya.

How to remove the real source of the problems?

In this paper an attempt has been made to identify the causes of the problems encountered by co-operative management in Africa. In this process it was found out that lack of qualified managerial staff is only one of several causes and not the most important one.

What is of much greater importance is the influence of the socio-economic and political environment on co-operative organisations, i.e. the power struggle between informal groups inside the co-operative society and the influence of government agencies, on co-operative management, which determine the decision-making process in co-operative societies to a large extent.

It should be studied very carefully whether or not the organisational pattern and the management structure which were introduced in Africa following very closely the models developed in Western European countries and America, fit into the socio-economic and political environment.

As already mentioned earlier, one of the basic assumptions on which the Western concept of co-operation is built, namely that co-operatives will bring together a fairly homogeneous membership by attracting only such persons who - apart from pursuing their own individual interest - agree to participate actively in a joint effort to pursue the common objective of the co-operative society, which is to promote the economic interests of all its members, is not necessarily valid in African countries.

The average individual is a member of one or several informal groups (based on family, clan, tribe, location, religious belief or political conviction) and owes loyalty to such groups - possibly more than to his co-operative.

In this context a further assumption of the Western concept of co-operation may be called in question. Committee members are elected as representatives of the entire membership and are expected to pursue the interests of the co-operative society, i.e. the common interests of all members, as a first priority.

As a result of the democratic decision-making process the particular interests of the different informal groups inside the co-operative society can be brought to bear even if they were opposed to the interest of the co-operative society as a whole. There is a danger that elected committee members may be more committed to the interests of the particular informal group they represent than to the general objectives of the co-operative society.

Still another problem has to be seen in this context: The relationship between the elected committee of management and employed managerial staff.

Based on traditional patterns in Western European co-operatives the strict division between elected committee members (representing

the co-owners and customers of the co-operative enterprise) and the employed managerial staff has been maintained in African co-operatives up until today, leaving the management committee in full control of all important matters concerning the management of the co-operative affairs.

The influence of the particular interests of informal groups inside the co-operative may have a direct effect on the engagement and dismissal of staff. If this is so, the employed managers may not be in a position to use all their skills to pursue the general interests of the co-operative enterprise. Employed managers may have to become the tool for the pursuance of special group interests if they do not want to loose their job.

All this shows clearly that the provision of highly competent managerial staff alone cannot bring about a greater degree of efficiency of the co-operative enterprise. On the contrary, there is the danger that the tensions between the management committee and the employed staff may become even stronger.

The real source of the problems of co-operative management in Africa appears to be the fact that under prevailing conditions the organisational pattern and the management structure of co-operative societies does not really fit into the socio-economic environment.

The mechanism governing the decision-making process does not make adequate provision for a harmonisation of the specific interests of the informal groups represented in the co-operative society and for a direction of the particular group interests towards the general objectives of the co-operative society.

Given the fact that there will be no short-term change of the current socio-economic environment, the only way of solving the problems of co-operative management in Africa may be to adjust the organisational pattern of co-operative societies and the management structure more than hitherto to the local requirements.

How this can be done will have to be studied by way of a very careful and thorough analysis of past experience.

Here, only a few ideas can be presented to indicate the direction which the process of adjustment should take:

- The organisational pattern of a co-operative society should include a body other than the general meeting of members in which all groups of members are adequately represented, e.g. a board of representatives (1) or a supervisory council;

- decision-making in general meetings could be organised in two steps, eventually in two consecutive meetings. During the first meeting the members would be informed on the matters to be decided. Between the first and the second meeting these matters

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(1) Cf. Hyden, G., op. cit., p. 102.

could be discussed and decided in the traditional way among the members of the informal groups and the actual decision-making (harmonisation of group interests) would be carried out at the second meeting;

- the requirements for the eligibility of persons to serve on the committee of management could be revised so as to safeguard a stronger representation of the interests of the entire membership on the committee and to have persons elected who are strongly committed to the co-operative cause. In this context the problem of elected and employed full-time directors would have to be considered;

- the role of employed staff in co-operative enterprise and their conditions of service would have to be reconsidered; and

- criteria for membership in co-operatives could be redefined to reduce the struggle of informal groups inside co-operatives and to turn co-operatives into more homogeneous groups of people with common economic interests.

Indonesia

Co-operative Development and Training - Indonesia (1)

In Indonesia, considerable reorganisation has taken place in recent years and serious attempts have been made to guide co-operatives towards economic viability and democratic structure. The Government and staff of the Directorate General of Co-operatives (DITJENKOP) are committed to attempting to build a movement of genuine co-operatives whilst at the same time giving them an important role within the Government's overall policy of rural improvement. The country's growing economic and political stability are major factors supporting co-operative development.

Attempts are being made to remedy past weaknesses of co-operatives; most important among these is the renewed stress on economic viability and a much wider base for membership.

The years 1945-65, with their emphasis on political objectives, in addition to the loss of economic resources through inflation, denied the Indonesian co-operative movement the opportunity to develop sound business enterprises. The present generation of officers, managers and leaders are attempting a more soundly based development without the background management experience essential for success.

The Government has demonstrated its willingness to assist improved management. Co-operative Training Centres have been set up in each of the 24 provinces but at present they lack adequate programmes.

Government policy on co-operatives is implemented by the Directorate General of Co-operatives (DITJENKOP) with a total staff of 6,000 and they are deployed throughout all the provinces of Indonesia. Each district (Kabupaten) within the province has its own team of Government officers.

Expansion of Village Multi-purpose Co-operative Societies (KUD)

The rapid expansion of KUD activities in recent years is both encouraging and a matter for concern to the Government of Indonesia. It is a matter of urgency that co-operative development should be increasingly based on economically viable business units, and the ILO/UNDP co-operative education and development project is expected to assist in the achievement of such development, mainly through improved co-operative management.

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(1) By Basil Loveridge, Chief Technical Adviser of the ILO/UNDP Co-operative Education and Development Project in Indonesia.

Co-operatives are located throughout the country and the following table shows their position in 1972 and 1975:

Year	Legal Co-operatives	Full Individual Membership	Savings (millions of Rupiah)	Volume of Business (millions of Rupiah)
1972	18,054	2,791,076	4.9	34.2
1975	23,679	7,446,096	13.4	144.4

The activities of these co-operatives cover not only the production, processing and marketing of rubber, copra, tobacco, coffee, cloves, sugar cane, coconuts, but also fisheries, animal husbandry and dairy, textiles, salt, shipbuilding, distribution of consumer goods, handicrafts, quarrying and mining, etc.

A second degree co-operative union (PUSKUD) has been established in ten provinces, and others are to be set up in the future.

At present, the most important co-operatives are KUDs of which there were 3,787 in 1976. They have been formed in the past three years from previous village business units (BUUDs), of which there were 3,628. Although not registered as co-operatives, they were regarded as pre-cooperatives. The KUDs are seen as large economically viable units, multi-purpose in character, dealing with agricultural supplies, credit, processing and marketing, as well as agricultural extension. It is planned to first organise KUDs at primary and secondary levels in all provinces, and then at the national level. The Government of Indonesia has defined the areas for co-operative development and agreed upon the necessary corresponding programmes of action.

In December 1975, the Directorate General of Co-operatives reported that KUDs were responsible for 80 per cent of all inputs to agriculture (fertilizer, seeds and pesticides) in an area covering 3.2 million hectares, and for 70 per cent of rice purchased by Government for national stocks.

The 3,787 BUUDs/KUDs are at present serving nearly 8 million farmers with agricultural supplies and marketing services. During the last three years, they have distributed 1.8 million tons of fertilizer and 2.4 million kg/litres of pesticides, representing a value of US dollars 205 million, after subsidy. They have purchased 1.3 million tons of rice, valued at US dollars 270.6 million.

Since 1970, the Government has provided a total budget of US dollars 20.2 million, of which US dollars 5 million have been used for education activities.

The Asian Development Bank (ADB) has recently provided credit to the agricultural co-operatives in East Java, of a total amount of US dollars 2.7 million and the World Bank is also offering credit to fishery co-operatives in the same area. Part of the Asian Development Bank loan (US dollars 2.7 million) granted to East Java will be used for up-grading the facilities at the Co-operative Centre, Malang. The ADB has accepted assurances that this project will make a special contribution to improving co-operative management in the area.

The Co-operative Centre, Malang
Purposes of the Centre

- Improvement of financial bases and accounting methods;
- better attention to development based on sound feasibility studies;
- credit services geared to needs of members; members' ability to repay, and improvement of practices in the administration of loans;
- extension of marketing operations into clearly identified profitable fields and, in particular, improvement of existing services for rice marketing and milling;
- improvement and development of sound policies, planning and supervision by committee members;
- improvement of inspection carried out by the staff of the Directorate General of Co-operatives as well as development of management advisory services;
- improvement of legal bases for co-operative development; closer attention should be paid to all aspects of co-operative law and by-laws;
- more regular and reliable evaluation and reporting on co-operative development; and, finally,
- general improvement of profitability of co-operatives, as well as of the services they provide.

The assistance provided by the project for the improvement of managerial skills relates particularly to:

- managers and employees of co-operatives, accountants, bookkeepers and auditors;
- senior lay leaders - committee members, etc.;
- selected grades of co-operative officers;
- seminars and workshops for senior staff responsible for improving co-operative development and training in the provincial centres.

In particular, attention will be given to improving the programming, planning and budgeting at the national and provincial centres. The training programme of the Centre will be divided into four parts:

- classroom teaching, in small groups, geared to problems and weaknesses revealed from inspection visits to co-operative societies;
- management consultancy/inspection visits to societies at regular intervals to support, supervise and advise on improved practices;
- preparation of training and teaching material covering all aspects of management and accountancy;
- support and assistance to national staff appointed to act as consultants/instructors.

The international staff in Jakarta will keep in close touch with the staff in Malang and other selected development centres and provide co-ordinated activity in their respective fields.

The Project in Practice

Initially, within 100 km of Jakarta, Bandung and Malang, 25 to 30 co-operatives (KUD) were selected for the project activities. The total number of co-operatives selected for assistance by the project was 81, and in December, 1977, an additional group of 25 KUDs from Bali will be included.

The work pattern consists of:

- management counselling visits: three or four 2-day visits each year to each KUD, to offer management advice and co-operative guidance to manager and committee; the records and books of the KUD are carefully checked and help is offered to improve them. The Manager is taught to prepare a monthly report and trial balance for his committee. Trading circumstances are studied and advice offered on buying, selling, storing and cash and stock control;
- training: two or three times a year the Manager, Bookkeeper and Board members attend a one or two-week training course at PUSDIKOP (Training Centre for Co-operative Development). The course is designed to remedy the weaknesses found in the societies during the counselling visits. Each lesson is prepared as a handout and kept by the trainee in a special file, which he brings to all training courses. The teachers are the same persons who make the management counselling visits. This pattern of visit followed by short residential training course will continue indefinitely.

The role played by the District co-operative officers (KKOPD) and their staff is of great importance since:

- all the planning is done in consultation with them (they are responsible for the KUDs);
- they participate in the training courses;
- a member of KKOPD staff is attached to a KUD and takes part in the regular management visits.

By stages, the local KKOPD will take over the supervision, training and management counselling in the KUDs. There are also plans for the KKOPD staff to carry out part of the teaching at project training courses.

ILO experts and DITJENKOP consultants will attend such training courses on the second day only.

The next step

As one district assumes more and more responsibility for its own project, DITJENKOP consultants assisted by ILO experts, will endeavour to include other KUDs in the project while at the same time they will maintain a supervisory role as concerns the earlier KUDs. They will also become involved in other aspects of co-operative development.

✲

JAPAN

Amendments to the International Directory of Co-operative Organisations in Japan

Published in No. 2/75 of "Cooperative Information"

Chronological List of Co-operative Events

1875 Delete: "Shizokujsan Kumiai" ...

1900 Delete: First "Sangyo Kumiai Ho" ...

1909 Retain only: "Second revision to the Co-operative Law 1900 ..."

1910 Read: "Sangyo Kumiai Chuo Kai", Central Union of Industrial Co-operatives ..., and "Sangyo Kumiai" (Co-operation), first monthly review published by the Central Co-operative Union.

Delete: "Industrial Associations Bank ..."

Add: "Revision to the Mortgage Bank Law which permits to advance loan without security to co-operative federation or primary society which does not affiliate with federation".

1917 Read: "Law covering agricultural warehouses which permits co-operatives to stock their product (mainly rice, wheat, barley and cocoons)".

1921 Read: "Fourth Amendment to the Co-operative Law 1900 which authorises the Federations of Local or Prefectural Federations (i.e. National Federations)".

1922 Read: Nippon Farmers' Association,"Teikoku Nokai".

1923 Before: "Sangyo Kumiai Chuo Kinko", add: "Law of Central Bank for Industrial Co-operatives".

1924 Read at the end: "(Revision to the Law)" instead of (revision).

1925 After "First co-operative" read "monthly magazine" instead of "newspaper".

1930 Delete: "National Federation of Consumer Co-operatives".

1931 Read: "National League of Prefectural Co-operative Credit Federations".

Read: "National Rice and Cereal Marketing Federation of Industrial Co-operatives (Zen-hanren)".

1932 Add: "Special Law permitting Central Co-operative Bank to advance special loans to primary societies with government guarantee against loss".

1933 Read: "Rural Villages Debt Clearance Association Law which authorises co-operatives to extend loan for debt clearance".

1936 Read: "Shoko Kumiai Chuo Kinko" ...

1937 Delete: "National Federation of Fishermen's Association ..."

1938 National Federation of Fishermen's Co-operatives.

1943 Read: "Law governing urban credit co-operatives (separation from rural co-operatives)".

Read: "The Agricultural Organisation Law reorganises the structure of agricultural co-operatives, provides for amalgamation of agricultural associations (Nokai) and industrial co-operatives, creates the National Economic Organisation for Agriculture reorganising the National Purchasing and Marketing Federation, and creates the Central Organisation for Agriculture uniting the National Agricultural Association and the Central Union of Industrial Co-operatives".

1944 Read: "Ie-no-Hikari Kyokai", Co-operative Publishing Association, dissociated from the Central Agricultural Organisation.

1948 Read: "National Guidance Federation of Agricultural Co-operatives (Zenshiren) ..."

Read: "National Reclamation Federation of Agricultural Co-operatives".

1949 Read: "National Livestock Marketing Federation of Agricultural Co-operatives".

1950 Read: "Nippon Raw-Silk Marketing Co-operative Federation".

"Japan Poultry Marketing Federation of Agricultural Co-operatives".

"Central Management Council of Agricultural Co-operatives to promote reconstruction of difficult agricultural co-operatives".

1951 Read: "Foundation of the Japan Consumer Co-operative Union".

1952 Read: "The Japan Consumers' ..."

1954 Read: "Zenkoku Nogyokyodo Kumiai ... Co-operatives". Successor of "Zenshiren", National Guidance Federation of Agricultural Co-operatives.

"Dissolution of "Zenshiren", National Guidance Federation of Agricultural Co-operatives".

1959 Replace: "co-operatives" by "organisations" and add "(co-operatives and others)".

1962 Read: "National Council of Prefectural Credit Federations of Agricultural Co-operatives, ..."

1965 Read: "The Japan Consumer Co-operative Union and the CWS amalgamated into "Nisseikyo" (Japan Consumers' Co-operative Union)".

1969 Read: "Central Co-operative College, reorganisation of the Co-operative College".

1972 Read: "Co-operative Computer Study and Training Centre".

Public Services in Charge of Co-operatives

1. Add, after line 3: "Co-operative Section, Forestry Administration Division".

Statistics

Up-dating of the table on page 141.

Evolution of Agricultural Primary Co-operatives

As of March	Multi-purposes	Single-purposes		Total	Amalgalated Societies
		with share capital	without share capital		
1975	4,942	2,906	3,641	11,489	434
1976	4,803	2,765	3,462	11,030	225
1977	4,763	2,718	3,206	10,687	9,535
		6,227			
		5,924			

✡

Latin America

LATIN-AMERICAN ASSOCIATION OF CO-OPERATIVE EDUCATION CENTRES (ALCECOOP)

At a co-operative education seminar held in Buenos Aires in March 1976, the Directors of 5 co-operative education centres in Argentina, Brazil, Chile, Spain and Uruguay decided to exchange information - on an informal basis - until the holding of the next seminar in Colombia, in 1977. Thus, on 2 April 1977, 15 representatives of co-operative training centres in 13 countries met to approve the internal rules of the Latin American Association of Co-operative Education Centres (ALCECOOP).

This working group, which is part of the Co-operative Organisation of America groups three types of membership:

- collective: permanent co-operative education agencies, operating at the national level, affiliated to, or working in collaboration with, the Co-operative Organisation of America (OCA);

- individual: natural persons who are members of a co-operative movement and who are qualified in the field of co-operative education;

- associated: private or public bodies, national or international agencies, with activities aiming at co-operative education.

ALCECOOP aims at co-ordinating, at the regional level, research education and training activities in the co-operative field by undertaking joint studies; preparing co-operative programmes; élaborating co-operative education techniques and methods; finding ways and means of applying the results of research carried out in member centres and in co-operatives to which it will, in turn, provide technical assistance and from which it will receive information which will enable it either to pursue current research or to undertake research into new fields.

Among the projects lined up by ALCECOOP, the following are noteworthy:

- In the field of research: a permanent assessment of the situation of latin american co-operative movements, the analysis and finalisation of co-operative schemes; the establishment of directories of co-operative training centres, institutes or schools as well as of research institutes; the establishment of a register of research topics; the setting-up of a bibliography service as well as of libraries and documentation centres; the

study of co-operative education methodologies; the organisation of permanent information channels; and finally, the evaluation and systematic control of the research carried out.

- In the field of education: preparation of training programmes for research workers and educators; vocational training courses, management training courses, technology, etc.

- In the field of co-operative information: establishment of co-operative schools and chairs; organisation of teaching courses by correspondence; holding of seminars for leaders; preparation of communication media and of audio-visual aids.

In order to stimulate the activities of ALCECOOP, a director is to be appointed following a proposal made by the Education Committee of the Co-operative Organisation of America (OCA). The financial resources for the activities of the working group will be drawn from the OCA budget and from funds which could eventually be placed at the disposal of ALCECOOP by member centres.

☼

Rwanda

Figures that speak for themselves (the people's banks at 31 December 1976) (1)

A socio-economic survey was made of the situation at 31 December 1976 in all the People's Banks throughout the country. Most of the questions asked were the same as those used in the 31 December 1975 survey, so that conclusions could be drawn as to the progress made by the older banks during 1976. The over-all impression to be gained from this survey is that our banks are ruly "people's banks"; they have met with immediate success all over the country, offering their services first and foremost to the masses. This report gives figures which attest to the popularity of the People's Banks in Rwanda.

Young Banks

The People's Banks of Rwanda are very young. The oldest - Nkamba - opened for business on 4 August 1975, while the three newest - Rwinkwavu, Mbazi and Mushubati - began operating on 27 December 1976. At 31 December 1976, 18 banks had been in operation for less than 4 months; 3 banks for between 4 and 8 months; 1 bank for between 8 and 12 months, and 13 banks for between 12 and 17 months. The average age for the 35 banks was accordingly 8 months, while for the 13 oldest it was 16 months. It is important to bear this in mind when analysing the data which follow.

Another point of some interest is that 33 of the 35 banks began operating between August and December. This is due to the fact that the programme of activities of the Orientation Bureau is spread over the year as follows:

January: Computing of interest, balance sheets and operating accounts, socio-economic survey.

February: Presidents' Conference.

March-April: Annual general meetings. Programme for the establishment of new banks.

May-June: Publicity campaign for the new banks. General constituent assemblies.

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(1) By Y. Pomerleau of the Orientation Bureau of People's Banks, Kigali, Rwanda.

July: Managers' training course.

August-December: **Opening for business of the new banks.** Training courses for administrators and auditors.

All over the Country

At 31 December 1976, there were People's Banks in 9 prefectures out of 10; only in Cyangugu were there none, owing to its remoteness from the capital, but this gap will be filled in 1977 (1). The banks were distributed among the prefectures as follows:

Kibungo:	10
Gikongoro:	6
Kigali:	4
Ruhengeri:	3
Gisenyi:	3
Kibuye:	3
Byumba:	2
Butare:	2
Gitarama:	2

Why this apparent preference for the Kibungo region? Already at the end of 1975, when Rwanda had only 13 banks, 7 were in this prefecture. This is explained by the fact that when the People's Banks project was launched in Rwanda the intention was that they should spread out from a central point rather than being scattered all over the country to start with. The co-operatives of Kibungo, under the wing of the International Association for Rural Development (AIDR), appeared to be an excellent vehicle for the People's Banks project. As for the Gikongoro region, it was not its reputation as a wealthy prefecture, but rather its poverty, that attracted the People's Banks; there was a desire to help this under-privileged region and contribute towards its development. The poverty of Gikongoro served as a counterweight to the wealth of Kibungo. Subsequently, under pressure from both the authorities and the mass of the people all over the country to establish more People's Banks, the People's Banks Orientation Bureau had to abandon its policy of spreading out from the centre and adopt one of regional dispersion.

The area covered varies greatly from bank to bank. In some cases it corresponds to a commune; elsewhere it may take on only a few sectors of a commune, or overlap into neighbouring communes. Over the country as a whole, the People's Banks cover about 275 communal sectors, or an average of 8 sectors per bank. With 13 communal sectors each, it is the banks at Saka and Mushubati that cover the most

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(1) "By the end of this year, 1977, there will be 50 banks spread over 10 prefectures, about 10,000 stockholders and more than 100 million Rwandese francs in deposits" (extracts from a letter written on 12 September 1977 by the author to the editors of "Cooperative Information"). See also the appended table showing the position of the People's Banks at 31 July 1977.

sectors, while the banks at Nyamirambo and Masaka each cover only 3 sectors of a commune.

Premises

Theoretically, a bank could have its headquarters under a banana tree ... if there were no wind or rain! The security of a bank does not depend on the building in which it is housed so much as on its safe and the honesty of its manager. Nevertheless, all the banks have premises of some kind. A dozen share those of a co-operative; nearly as many have offices on the premises of the communal authorities; the rest enjoy the hospitality of a mission or a welfare centre, or operate near a silo. A bank's premises often have a connection with the group that took the initiative of establishing it.

Families concerned

For the 33 banks in respect of which we have information, the number of families "concerned" (i.e. within the area covered by a bank) was of 154,743, or an average of 4,689 families per bank. Rusumo covered the largest number of families (8,990) and Masaka the smallest number (1,727). The breakdown according to the number of families concerned at 31 December 1976 was as follows:

Families	Banks
1,000 - 2,000	1
2,000 - 3,000	8
3,000 - 4,000	4
4,000 - 5,000	6
5,000 - 6,000	5
6,000 - 7,000	5
7,000 - 8,000	3
8,000 - 9,000	1

If one estimates the population of Rwanda at 4,500,000 inhabitants, or about 900,000 families (averaging 5 persons per family), and the population that can be concerned by the 35 People's Banks at approximately 165,000 families (154,743 for 33 banks), one may say that their services are available to 18 per cent of the country's population, or that nearly one Rwandese in five can become a stockholder in a People's Bank!

Families enrolled

All the people concerned by a People's Bank (i.e. living within the area covered by a bank) have not yet been enrolled, i.e. actually joined a bank as a stockholder or a depositor. At 31 December 1976, the total number of stockholders (5,481) and non-stockholding depositors (1,963) for the 35 banks was 7,444. On the assumption that generally only one person per family participates in a People's

Bank, the 7,444 families enrolled nevertheless represented as yet only 5 per cent of the entire population concerned (165,000 families), leaving 95 per cent still to be attracted towards the People's Banks!

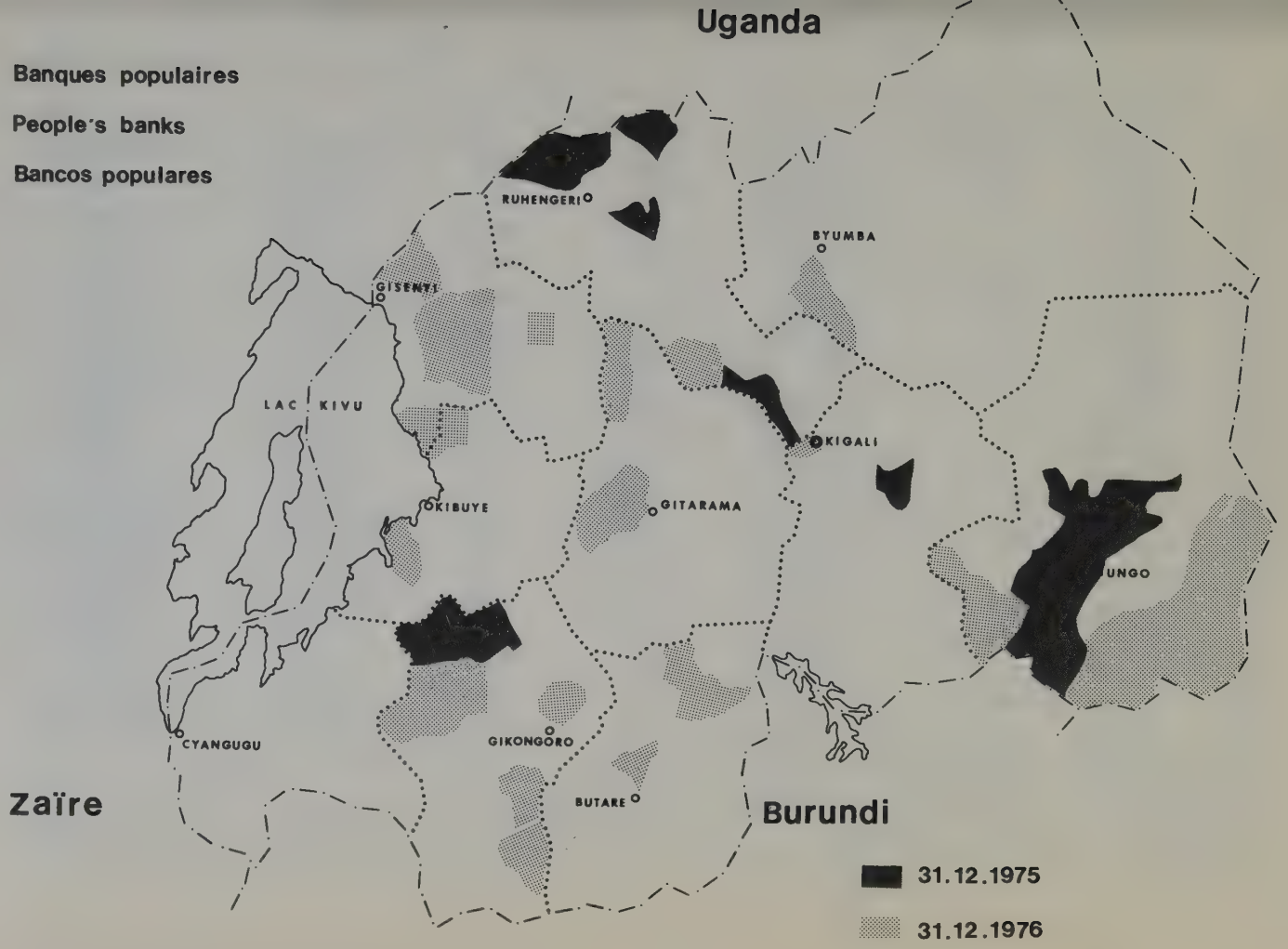
It is to be noted, however, that in the case of the 13 banks already in existence at 31 December 1975, the percentage of the population enrolled rose in a year from 5 per cent to 8 per cent. This is remarkable progress, especially bearing in mind that one of these banks - Kibungo - had in the meantime extended its area of operation. The percentage for certain banks was substantially higher than the average: Masaka (18 per cent), Nkamba (17 per cent), Rukira (16 per cent), Gahororo and Kibungo (12 per cent), Kabarondo (11 per cent), Mutumba and Kidaho (10 per cent). On the other hand, Muko managed to enrol only 3 per cent of the population catered for, Ruhondo and Kinigi 4 per cent, Shyorongi 5 per cent and Mutendeli 7 per cent.

Stockholders

Still at 31 December 1976, stockholders in 33 of the People's Banks who had paid for at least part of their share numbered 5,481, or an average of 166 per bank. The bank with the most stockholders was also the oldest, Nkamba (417), while the one with the fewest was one of the newest, Sake (17). The breakdown of the banks according to the number of stockholders was as follows:

Stockholders	Banks
0 - 100	13
100 - 200	9
200 - 300	7
300 - 400	3
400 - 500	1
	33

The first 13 banks, which had had 2,016 stockholders at 31 December 1975, had 3,205 at 31 December 1976, representing an increase of 1,189 (59 per cent). The average for these "old" banks was of 247 stockholders per bank. These 13 banks, with their 3,205 stockholders, accounted for 58 per cent of all the stockholders of the 33 banks.


Banques populaires
People's banks
Bancos populares
Uganda
RUHENGERI
BYUMBA
GISENYI
LAC KIVU
KIGALI
KIBUYE
GITARAMA
UNGO
CYANGUGU
GIKONGORO
BUTARE
Zaïre
Burundi
31.12.1975
31.12.1976

Situation at 31.7.1977

Name of the Bank	Opening date	Number of		Amount of		Monthly progression	
		Members	Depositors	Deposits	Owned capital	Amount	%
01. Kibungo	05/08/75	230	867	11.297.312	2.563.938	- 106.484	- 0,93
02. Shyorongi	16/12/75	194	473	6.063.102	575.800	+ 141.144	+ 2,38
03. Nyamirambo	22/11/76	156	879	5.914.641	-	+ 866.495	+17,16
04. Masaka	01/09/75	164	457	5.849.117	669.150	- 92.059	- 1,55
05. Kabarondo	06/08/75	276	311	4.048.883	1.705.390	- 243.455	- 5,67
06. Karama	09/06/76	153	257	3.950.214	-	+ 245.708	+ 6,63
07. Mutendeli	09/08/75	328	361	3.668.798	1.253.500	- 87.447	- 2,33
08. Rukira	07/08/75	284	335	3.288.562	146.733	+ 137.886	+ 4,38
09. Kidaho	16/09/75	384	410	2.918.890	842.041	+ 89.070	+ 3,15
10. Musasa	09/06/76	403	302	2.879.087	-	+ 142.659	+ 5,21
11. Gahororo	06/08/75	411	280	2.387.637	805.245	+ 452.163	+23,36
12. Mubuga	01/10/76	113	146	2.005.075	-	+ 49.350	+ 2,52
13. Mutumba	10/08/75	261	217	1.909.944	754.526	- 50.231	- 2,56
14. Ntyazo	04/08/76	365	275	1.854.476	4.800	+ 243.743	+15,13
15. Nkamba	04/08/75	470	382	1.779.395	413.412	- 92.789	- 4,96
16. Rusumo	22/12/76	138	179	1.723.478	-	- 208.360	-13,75
17. Muko	08/08/75	191	162	1.642.072	90.890	+ 246.687	+17,68
18. Ruhondo	16/09/75	206	212	1.606.303	389.500	+ 249.571	+18,40

Name of the Bank	Opening date	Number of		Amount of		Monthly	
		Members	Depositors	Deposits	Owned capital	Amount	%
19. Kinigi	16/09/75	291	195	1.554.945	-	- 12.530	- 0,80
20. Mbazi	27/12/76	186	245	1.533.652	-	- 3.080	- 0,20
21. Kanama	15/09/76	370	269	1.416.744	-	+ 85.302	+ 6,41
22. Kibeho	15/09/76	70	140	1.297.131	8.000	+ 50.210	+ 4,03
23. Rwerere	02/11/76	275	220	1.272.185	-	- 49.319	- 3,73
24. Gishyita	01/10/76	203	153	1.171.485	-	+ 483.055	+ 70,17
25. Buyoga	10/06/76	242	223	1.154.971	-	+ 3.140	+ 0,27
26. Nyakabanda	08/11/76	144	134	1.120.999	-	+ 139.419	+ 14,20
27. Sake	22/12/76	113	108	1.037.620	-	+ 352.990	+ 51,56
28. Murunda	21/09/76	110	158	1.016.506	-	+ 50.357	+ 5,21
29. Nyagahanga	16/11/76		118	805.850	-	+ 71.770	+ 9,78
30. Kabaya	16/11/76	149	292	672.841	-	+ 346.360	+106,09
31. Rwinkwavu	27/12/76	21	108	549.365	-	+ 62.700	+ 12,88
32. Mushubati	27/12/76	260	160	482.498	-	+ 183.750	+ 61,51
33. Rwamiko	17/09/76	75	117	477.203	4.500	+ 14.836	+ 3,21
34. Ndago	23/02/76	144	81	419.499	-	+ 31.400	+ 1,00
35. Musebeya	05/10/76	77	60	216.210	-	- 33.115	- 13,28
Caisse centrale	15/02/76		45	13.081.804	12.943.547	+3098.806	+ 31,04
Total		7.457	9.281	94.073.494	23.170.972	+7276.532	+ 8,36

Age Groups

Age	Stockholders	
	Number	%
18-25 years	739	14
26-35 "	1,366	25
36-45 "	1,600	29
46-55 "	948	17
56-65 "	373	7
66-75 "	70	1
Unknown	385	7
Total	5,481	100

This breakdown of stockholders by age groups shows the 36-45 years group to be the biggest, the average age undoubtedly being just under 40 years. 39 per cent of the stockholders were under 35 years of age and 25 per cent over 45. This average age is relatively high, considering that Rwanda is a very "young" country. But we should not forget that to be a stockholder in a People's Bank one must be at least 18 years old and have an income of some kind. This table makes it clear in any case that the People's Banks have managed to enlist the sympathy of people of all ages, young and old.

It is also interesting to examine the progression in the number of stockholders in the first 13 banks by age group:

Age	Stockholders 1975		Stockholders 1976		Increase	
	Number	%	Number	%	Number	%
18-25 years	240	12	413	14	173	72
26-35 "	475	24	803	25	328	69
36-45 "	569	28	920	29	351	62
46-55 "	323	16	513	17	190	59
56-65 "	137	7	218	7	81	59
66-75 "	31	1	47	1	16	51
Unknown	241	12	291	7	50	
	2,016	100	3,205	100	1,189	59

All categories increased at a substantial rate of between 51 and 72 per cent, but the higher the age, the lower the percentage increase.

Economic Activities

Stockholders were classified in 6 major socio-economic categories, between which the dividing lines were not always very clear. For instance, the same person could be both a farmer and a craftsman, or both an executive and a trader.

Socio-economic category	Stockholders	
	Number	%
Co-operatives and companies	134	3
Executive staff	838	15
Teaching staff	484	9
Craftsmen	291	5
Farmers	3,134	57
Traders	311	6
Others(unknown)	289	5
Total	5,481	100

Farmers formed the biggest category of the People's Banks' supporters (57 per cent), followed at a considerable distance by executive staff (15 per cent) and teaching staff (9 per cent). Farmers and craftsmen together accounted for about two-thirds of the stockholders in the People's Banks. In the case of some banks the percentage of farmers was even higher : Mutumba and Musasa (82 per cent), Gahororo (79 per cent), Nkamba and Rukira (78 per cent), Mutendeli (77 per cent) and Kabarondo (78 per cent). There can therefore be not the slightest doubt that the mass of the people have a stake in the People's Banks.

Between 31 December 1975 and 31 December 1976, the number of stockholders in the first 13 banks progressed in the following manner:

Socio-economic category	Stockholders 1975		Stockholders 1976		Increase	
	Number	%	Number	%	Number	%
Co-operatives and companies	32	1	75	2	43	134
Executive staff	296	15	372	12	76	25
Teaching staff	198	10	266	8	68	34
Craftsmen	84	4	165	5	81	96
Farmers	1,164	58	2,034	64	870	74
Traders	113	6	154	5	41	36
Others	129	6	139	4	10	7
	2,016	100	3,205	100	1,189	59

This table shows that the most marked progression took place in the "popular" categories of stockholders. The percentage increase was the highest in the case of co-operatives, craftsmen and farmers, co-operatives increasing from 1 to 2 per cent of stockholders, craftsmen from 4 to 5 per cent, and farmers from 58 to 64 per cent, while in the other categories there was a slight decline. This trend is easily explained. In its first months of existence, a People's Bank attracts the support of most executive staff, teachers and traders. The only way it can develop further is through the progressive adhesion of farmers. In the next few years, in most of the banks, a steady increase is to be expected in the percentage of farmers, bringing it nearer to the percentage represented by this category in the population of Rwanda as a whole, i.e. approximately 90 per cent.

The Weaker Sex

While the expression "weaker sex" may be open to question in itself, there is some truth in it as far as the People's Banks are concerned. Of the banks' 5,481 stockholders, only 198, or 3,6 per cent were women. The table which follows gives the breakdown for these women by type of activity.

Socio-Economic Category	Total stockholders	Women stockholders Number	% of total women	% of total in category
Co-operatives and companies	134	1	1	0.09
Executive staff	838	28	14	3.2
Teaching staff	484	47	24	0.9
Craftsmen	291	-	-	-
Farmers	3,134	94	47	3.0
Traders	311	6	3	1.9
Others (unknown)	289	22	11	7
	5,481	198	100	3.6

Illiteracy

It is not easy to determine who is illiterate and who is not from the documents in the banks' possession. The criterion used is the signature: a person who marks a document with a fingerprint instead of signing it is deemed to be illiterate. However, the real figures are undoubtedly higher than those obtained on this basis. One can in fact sign one's name without being able to read and write, and the embarrassment felt by some at putting only a fingerprint may prompt them to invent a signature of sorts.

Of the 5,481 stockholders in the People's Banks, 1,341 had "signed" by means of a fingerprint, or 25 per cent. The number of illiterates varied greatly from one bank to another. While the percentage of illiterates for both the Musasa and Kinigi banks was 54 per cent in the case of the Masaka and Kabarondo banks it was no more than 11 and 13 per cent, respectively. The high percentage of illiterates in the People's Banks gives rise to certain security problems: to what extent can a depositor check the written statements of the manager? On the other hand, it is obviously a sign of the People's Banks' appeal to the masses.

The breakdown of illiterate stockholders by age group was as follows:

Age	Illiterates	
	Number	%
18-25 years	58	5
26-35 "	147	11
36-45 "	364	27
46-55 "	394	29
56-65 "	230	17
66-75 "	41	3
Unknown	107	8
	1,341	100

Depositors and Deposits

At 31 December 1976, the number of depositors in the 35 People's Bank was 5,415 (out of 5,481 stockholders), and deposits totalled 51,523,466 Rwandese francs (1). The situation varied greatly from one bank to another. With 670 depositors and more than 10 million in deposits, the bank at Kibungo was well ahead of all the others. The bank at Mushubati, which was then only three days old, had 16 depositors and deposits totalling 25,000 francs. The breakdown of the banks according to the amount deposited with them was as follows:

Total Deposits	Number of Banks
10 million and over	1
5-10 million	-
4-5 million	2
3-4 million	1
2-3 million	5
1-2 million	8
500,000-1 million	5
100,000-500,000	10
10,000-100,000	3
	35

With a total of 51,523,466 francs in deposits and 5,415 depositors, the average amount per deposit was 9,515 francs. This average amount appears very high. Can it be that the Rwandese are richer than is generally believed? Or have the People's Banks attracted only the wealthiest class of the population? Unless the deposits are unequally shared between a multitude of small depositors and a few individuals who are "rolling in money"? ... The table which follows answers these questions.

(1) Editor's note: figures to be compared with those for 31 July 1977 (cf. table appended): 9,287 depositors, 7,457 stockholders and 94,073,494 Rwandese francs.

Size of Deposit	Depositors	
	Number	%
0 - 500 francs	1,630	30
501-1,000	573	11
1,001-5,000	1,523	28
5,001-10,000	645	12
10,001-50,000	861	16
50,001-100,000	115	2
100,001 and over	68	1
	5,415	100

69 per cent of the depositors had paid into the bank less than 5,000 francs and 81 per cent less than 10,000 francs. The great majority of the customers of the People's Banks were thus small depositors, even at an urban bank such as the one at Nyamirambo, where deposits of under 500 francs accounted for 32 per cent, under 1,000 francs 52 per cent, under 5,000 francs 80 per cent and under 10,000 francs 89 per cent.

From one year to the next, the ratio of deposits to depositors remained substantially the same: end 1975: 1,565 depositors and 13,864,544 francs in deposits; end 1976: 5,415 depositors and 51,523,466 francs in deposits. The table which follows emphasises this consistency in the breakdown of deposits, notwithstanding their over-all increase in number.

Size of deposit	1975	1976
0-500	28 %	30 %
501-1,000	13 %	11 %
1,001-5,000	26 %	28 %
5,001-10,000	12 %	12 %
10,001-50,000	18 %	16 %
50,001-100,000	2 %	2 %
100,000 and over	1 %	1 %

Credit

The credit policy of the People's Banks is not yet clearly defined. While it is relatively easy to encourage people to save, it is much more difficult to invest these savings so that the mass of the people can benefit.

By 31 December 1976, 11 People's Banks had introduced credit facilities, though 2 of them had granted only one loan.

Application for Loans - Loans Granted

Purpose	Number of applications	Amount requested	Number of loans granted	Amount lent
Commerce (vehicles)	17	3,190,000	16 (94%)	2,680,000 (84%)
Coffee sales campaign	8	2,500,000	8(100%)	1,550,000 (62%)
Building trade	10	458,000	7 (70%)	248,000 (54%)
Improvement of agricultural production	87	1,735,000	49 (56%)	826,000 (48%)
Storage and sale of agricultural produce	21	1,711,000	16 (76%)	1,221,000 (71%)
Handicrafts	11	675,000	7 (64%)	598,500 (89%)
Personal-Housing	174	3,940,000	104 (60%)	2,101,000 (53%)
Total	328	14,209,500	207 (63%)	9,224,500 (65%)

Over-all, it will thus be seen that 63 per cent of the applications for loans were granted, to the tune of 65 per cent of the amount requested. The highest percentage of successful applications concerned loans for commercial purposes (vehicles) - 94 per cent of the applications and 84 per cent of the amount requested - and the lowest, loans in connection with agricultural production - 56 per cent of the applications and 48 per cent of the amount requested.

The table which follows shows the proportion of loans applied for and granted under each heading.

Purpose	Number of applications	Amount requested	Number of loans granted	Amount lent
Commerce (vehicles)	5 %	22 %	8 %	29 %
Coffee sales campaign	2 %	18 %	4 %	17 %
Building trade	3 %	3 %	3 %	3 %
Improvement of agricultural production	27 %	12 %	24 %	9 %
Storage and sale of agricultural produce	7 %	12 %	8 %	13 %
Handicrafts	3 %	5 %	3 %	6 %
Personal-Housing	53 %	28 %	50 %	23 %
Total	100 %	100 %	100 %	100 %

The highest proportion of applications (53 per cent) and of loans granted (50 per cent) was in the Personal-Housing sector. Loans for the improvement of agricultural production came next: 27 per cent of the applications and 24 per cent of the loans granted. As concerns the amount requested, here again the Personal-Housing sector (28 per cent) came first, closely followed by Commerce (vehicles) (22 per cent), while as concerns the amount actually granted, loans for commerce came ahead of loans for personal or housing purposes (23 per cent).

The breakdown of loans according to the amount granted and the purpose for which they were requested was as follows:

Purpose	1000 to 5,000	5,001 to 10,000	10,001 to 50,000	50,001 to 100,000	100,001 to 200,000	200,001 and over	Total
Commerce (vehicles)	-	-	3	7	2	4	16
Coffee sales campaign	-	-	-	-	6	2	8
Building trade	-	-	7	-	-	-	7
Improvement of agricultural production	12	17	17	3	-	-	49
Storage and sale of agricultural produce	2	1	8	4	3	-	18
Handicrafts	-	-	10	-	1	1	12
Personal-Housing	8	23	65	1	-	-	97
Total	22	41	110	15	12	7	207
	11%	20%	53%	7%	6%	3%	100%

The highest proportion of loans granted involved amounts of between 10,000 and 50,000 francs (53 per cent). Only 16 per cent of the loans exceeded 50,000 francs, and these were mostly for commerce (vehicles) and for the coffee sales campaign.

While the People's Banks must give the most careful consideration to the purpose for which the loans they grant are sought, the nature of the beneficiaries is just as important. At 31 December 1976 the number of loans granted per socio-economic category was as follows:

Co-operatives and companies	10 %
Executive staff	25 %
Teaching staff	11 %
Craftsmen	5 %
Traders	15 %
Farmers	34 %
	100 %

The money lent by the People's Banks comes from the deposits made by the local population. It is accordingly extremely interesting to compare the breakdown of deposits with that of loans by socio-economic category. Did the banks lend most to those who deposited the most? The position was as follows at 31 December 1976:

Socio-economic categories	Deposits		Loans	
	Amount	%	Amount	%
Co-operatives and companies	2,788,769	8	2,163,930	26
Executive staff	4,732,374	13	1,978,000	24
Teaching staff	2,683,437	7	513,000	6
Craftsmen	1,961,211	5	588,500	7
Traders	6,349,272	18	3,040,000	37
Farmers	17,565,124	49	1,023,500	12
	36,080,187	100	8,036,930(1)	100

The gap was very wide in the case of certain socio-economic categories. Farmers, for instance, who made 49 per cent of the deposits, obtained only 12 per cent of the loans, whereas traders and executive staff accounted respectively for only 18 and 13 per cent of total deposits but received 37 and 24 per cent of the loans.

These figures offer food for thought (2) ... In his final report, the former chief of the project for the promotion of the People's Banks asked these questions: Why lend money? And to whom? He answered them as follows: "Priority is given to loans for production purposes, loans which will provide the beneficiary not only with the means of repaying them but also with extra income. Priority is given to loans for agricultural and handicraft production" (p. 16 of the final report); "Credit should bring benefits to the population who made it possible thanks to their savings" (p. 18 of the final report). These two basic precepts of the credit policy of the People's Banks have not yet been fully put into practice. Far from it! But the fact that they are aware of the difficulties and hazards of moneylending is perhaps already the first step towards a solution.

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(1) In this table the amount granted in loans is shown as 8,036,930 francs only, whereas a figure of 9,224,500 is given in an earlier table. The difference is due to the fact that in the latter table the total comprises all the loans authorised, whereas the table above takes into consideration only loans for which the funds had actually been released.

(2) Editor's note: Incidentally, "peasants, who form the majority of the stockholders and contribute the most in deposits, are rather poorly represented on the boards of directors" (extract from the letter written on 12 September 1977 by the author to the editors of "Cooperative Information").

Operating Accounts

The "consolidated" operating account for the 35 banks functioning at 31 December 1976 was as follows:

EXPENDITURE		RECEIPTS	
61. Purchase of supplies	6,332	70. Sale of pass books	74,030
62. Travel expenses	10,560	74. Cash surplus	34,403
63. Miscellaneous expenses	64,599	76. Balancing subsidy	761,968
64. Cash deficits	45,201	77. Interest received of loans	290,885
65. Wages of staff	915,376	Interest due on loans	26,758
66. Contribution to Guarantee Fund	31,765	Interest received from Central Fund	659,031
67. Interest paid	771,058		
Carried forward	2,184		
Total	1,847,075	Total	1,847,075

A comparison between the operating accounts at 31 December 1975 and at 31 December 1976 for the 13 oldest banks reveals a very positive trend. At 31 December 1975, these 13 banks had been in existence for an average of four months. Their expenditure and receipts were distributed as follows:

EXPENDITURE		RECEIPTS	
Miscellaneous expenses	14 %	Miscellaneous receipts	7 %
Wages of staff	68 %	Interest received from C.F.	19 %
Interest paid	18 %	Interest received on loans	- %
		Balancing subsidy	74 %
	100 %		100 %

The main item of expenditure at that time was the manager's salary (68 per cent), and the main source of income was the interest received from the Central Fund (19 per cent). The People's Banks Orientation Bureau was obliged to intervene to cover 74 per cent of the expenditure by means of a balancing subsidy; in other words, each local bank was able - on average - to meet only 26 per cent of its own expenses.

A year later, at 31 December 1976, the position for these same 13 banks was as follows:

EXPENDITURE		RECEIPTS	
Miscellaneous expenses	9 %	Miscellaneous receipts	5 %
Wages of staff	45 %	Interest received from C.F.	40 %
Interest paid	46 %	Interest received on loans	21 %
		Balancing subsidy	34 %
	100 %		100 %

Thus great changes took place in 1976. After an average 16 months of existence, the main item of expenditure for a bank was the interest paid to depositors (46 per cent), while its income was derived mainly from the interest received from the Central Fund (40 per cent) and the interest on loans granted (21 per cent). The balancing subsidy fell to only 34 per cent, i.e. a local bank managed to meet 66 per cent of its own expenses. In a year or two, if the amount of interest on loans continues to increase, every bank should be able to balance its books without needing a subsidy!

Balance Sheet

The "consolidated" balance sheet at 31 December 1976 for the 35 banks was as follows:

ASSETS		LIABILITIES	
22. Furniture	162,807	10. Registered capital	1,276,892
23. Fixed assets (safes)	643,646	11. Reserves	139,250
25. Long- and medium-term loans	796,498	12. Carried forward	6,434
26. Deposits with Guarantee Fund	386,188	17. Refinancing	300,000
51. Loans for under one year	4,377,630	50. Depositors	51,523,466
54. Interest due	105,955		
56. Central Fund	42,194,218		
57. Cash	4,490,475		
Unsecured debts	88,625		
Total	53,246,042	Total	53,246,042

Conclusion

The data given here could have been supplemented by others, for instance by the number of transactions per working day and per bank, or on deposit accounts in 1976, delays in the repayment of loans, etc. Furthermore, as has been repeatedly emphasised, the situation varies greatly from one bank to another. It would accordingly be desirable for a similar and even fuller report to be prepared for each bank. Be that as it may, the fairly accurate picture we have here of the situation of the People's Banks at 31 December 1976 shows quite unequivocally that they really are "for the people".

☼

USA

Co-operatives, stand up!

Hundreds of important co-operative enterprises are owned by more than 50 million American families. But very few people, including co-operators, are aware of this. Credit unions alone have more than 30 million members, and credit unions are co-operative financial institutions. But the general public is not aware of this. Many of the finest foods on the American family tables are produced, processed and marketed by co-operatives. Some of these are Ocean Spray cranberries, Sunkist oranges, Welch's grape products, Sunmaid raisins, Land O'Lakes butter, and numerous other items known by consumers everywhere for their excellent quality. Unfortunately, not one consumer in 100 has the slightest idea that these excellent foods come from farmers co-operatives.

Nor do many people realise that the only effective competitors of the major oil cartel are farm supply co-operatives - one of which, Farmland Industries, does 2 billion worth of business a year. The largest single source of fertilizer in the United States is a co-operative. But only its members know about this.

Few know that one of the nation's largest insurance companies, Nationwide, is a co-operative undertaking. Nor do the people realise that Fortune magazine's list of the 500 largest American enterprises contains several co-operative institutions. Approximately half of all the electricity supplied to rural America and some suburbs comes from rural electric co-operatives. But few Americans know this.

Why is this? Why are most Americans, including many co-operators and even our statesmen, so unaware of the truly great contribution co-operative enterprise is making to our nation?

The answer is simple. They are not being told about it. But they could be informed very easily if only the co-operatives would stop hiding their light under a bushel. Co-operatives, stand up!

If even a few of the larger co-operatives would make it their policy to add the words, "a co-operative enterprise", "a co-operative", or just "coop", on their headquarters buildings, other structures of every type, trucks and other vehicles, and everywhere their names

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By J. Voorhis, former President of the Co-operative League of the USA, member of Central Committee of the International Co-operative Alliance from 1951 to 1969. Author of six books; the latest "American Co-operatives", a review of co-operatives in USA.

or logos appear, others would follow. And, if some major co-operatives would do this, then the American people would quickly awaken to the importance of co-operatives to their country.

An excellent example of such is the recent action of Agri-Trans Corporation in identifying the world's largest towboat, to be launched on the Mississippi for traffic between New Orleans and St. Louis, as the "Spirit of Co-operation". Ten or so additional tugboats will be similarly identified and seen by millions of people.

To encourage other co-operatives to take similar positive action. The Co-operative Foundation is sponsoring a nationwide program for identification of co-operatives. Specifically, the Foundation is not suggesting any changes of names of co-operatives or their products or their logos. The programme calls only for adding such sub-titles in every appropriate place as will identify co-operatives as the invaluable type of truly "free enterprise" that they are.

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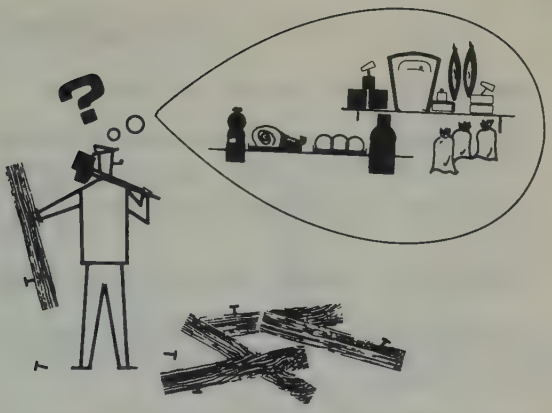
Source: Syndicated Article No. 140, September 1977, International Co-operative Alliance.

U.S. Co-operative Fact and Figures

Year	Kind of Co-op	Number of co-ops	Membership	Dollar Volume
1975	Consumer Goods	1,000	1.2 million	477 million
1975	Credit Unions	22,866	31.4 million	33.9 billion savings 27.9 billion loans out-standing
1975	Rural Electric	934	8,039,686	2.84 billion
1972	Farm Credit System			
	Banks for Co-ops	13	3,171	8.9 billion
	Federal Land Banks	553	467,039	4.4 billion
	Production Credit	432	331,635	16.1 billion
1972	Farm Market Supply and Service	7,786	6,200,000	42.3 billion
	Fishing	104	8,772	no estimate
1974	Group Health Plans (1)	15	400,000	no estimate
	Group Legal Services (2)	4		
1974	Housing	2,500	500,000 families	1 billion annually
1974	Insurance, co-op related	2,934	7,607,497	no estimate
	Memorial Societies	135	600,000	no estimate
1974	Nursery Schools	1,700	68,000	no estimate
1974	Students co-ops	250	25,000	no estimate
1975	Telephone co-ops	238	1,013,882	146,102,000
1976	Buying clubs (3)	4,000	80,000 families	30 million

(1) Only 15 group health plans are organised as co-operatives. There are about 200 group health associations, consumer-oriented and serving 4.5 million members.
(2) Affiliated with larger established co-operatives.
(3) CLUSA estimates, as of October, 1976.
Source: The Co-operative League of the USA, Special Feature, 1977.

Practical
INFORMATION



THE RETAIL SHOP DEVELOPMENT SCHEME (1)

The Co-operative Management Services Centre (CMSC), Sri Lanka, has played a significant role in the recent development of the movement's retail shops throughout the island.

The Centre, established as a project financed by the Swedish International Development Agency (SIDA) and currently being executed by the International Labour Office (ILO) has deployed a not inconsiderable part of its resources to work towards the improvement of some 7,000/8,000 retail shops.

An early achievement was a notable reduction in the size of queues for supplies of rationed and basic foodstuffs, as a result of changes in the systems of meeting customer requirements. The main change was the introduction of multi-service principles in dealing with these supplies. Thus coupon-cutting, billing and cash collection are combined as one clerical operation.

This article is concerned with the Centre's subsequent efforts to improve operations and the physical conditions of the shops, which are constantly in the public eye since some 85 per cent of the population obtain their basic and rationed foodstuffs from these shops. Some criticisms of the physical aspects of existing shops can be aimed at:

- inadequate space,
- poor layout,
- poor furniture,
- dirty floors, walls and ceilings,
- state of disrepair.

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(1) By B. Shepherd, ILO expert, CMSC, Sri Lanka.

Inadequate space manifests itself in:

- incapacity to organise reserve stores to replenish emptied shelves,
- discomfort of customers: a disincentive to frequent the premises to buy,
- discomfort of staff personnel resulting in inefficient services.

A poor layout and poor furniture may increase the work of staff, restrict the movement of customers and limit the potential for attractive display.

Dirt and disrepair are signs of neglect, dangerous and offensive to customer and service staff and lowering to the latter's morale.

Towards the end of 1975 mounting pressures on the co-operative societies to do something about the very bad image of the typical retail shop, including not only physical aspects but also the quality of service and assortments for sale, prompted the Centre to play its part in the necessary corrective measures.

Research and study indicated that effective assistance could best be provided by:

- designing suitable standard furniture,
- locating the furniture in the best possible layouts for selling operations,
- designing suitable new buildings,
- planning alterations to existing buildings,
- advising on assortment and display, and
- training employees in the selling arts.

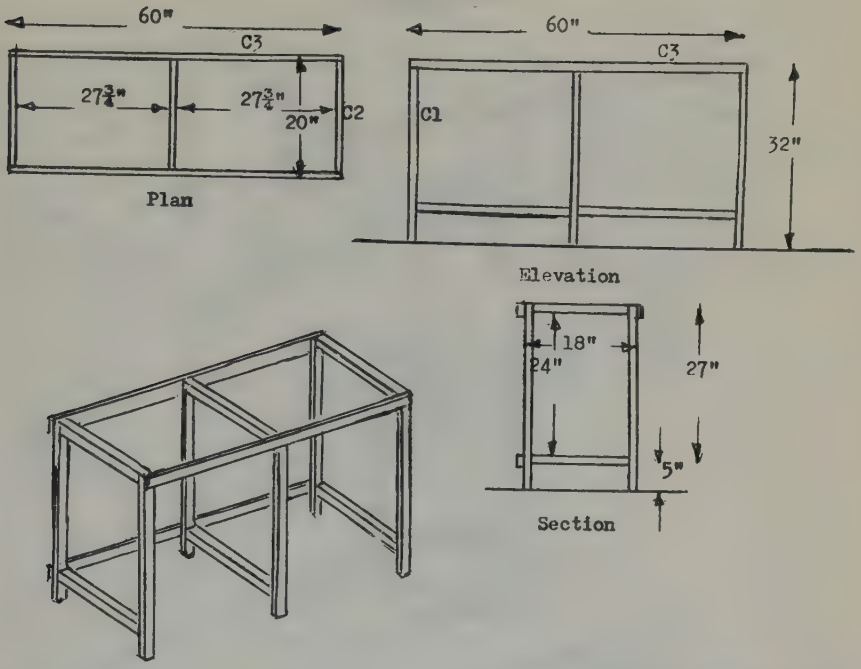
The functions of shop furniture are:

- to display goods,
- to hold stocks,
- to issue goods,
- to collect payments.

The street-trader's barrow covers all these functions in one piece of equipment. In the shop also one piece of furniture can combine functions, e.g.:

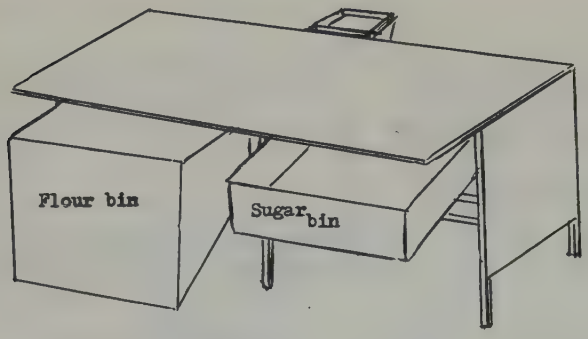
- display and hold stocks,
- display and hold stock and issue goods,
- issue goods and collect payment.

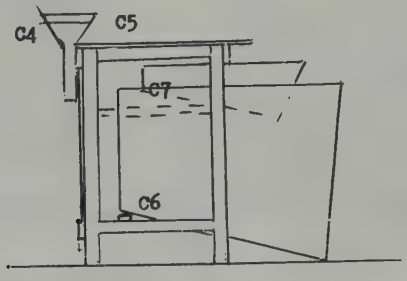
Figure 1 The basic counter frame and parts list



Part No.	No. off	Material	" Sketch/Description
C1	6	Seasoned timber	1½" 24" 1½" ¾" 1½"sq 32"
C2	6	"	1½" 15" 1½" 1½"sq ¾" 18"
C3	3	"	60" x 2" x 1"
	18	m.s.	1½" screws
	24	m.s.	1¼" screws

Figure 2 The bulk issue counter No.2 and parts list



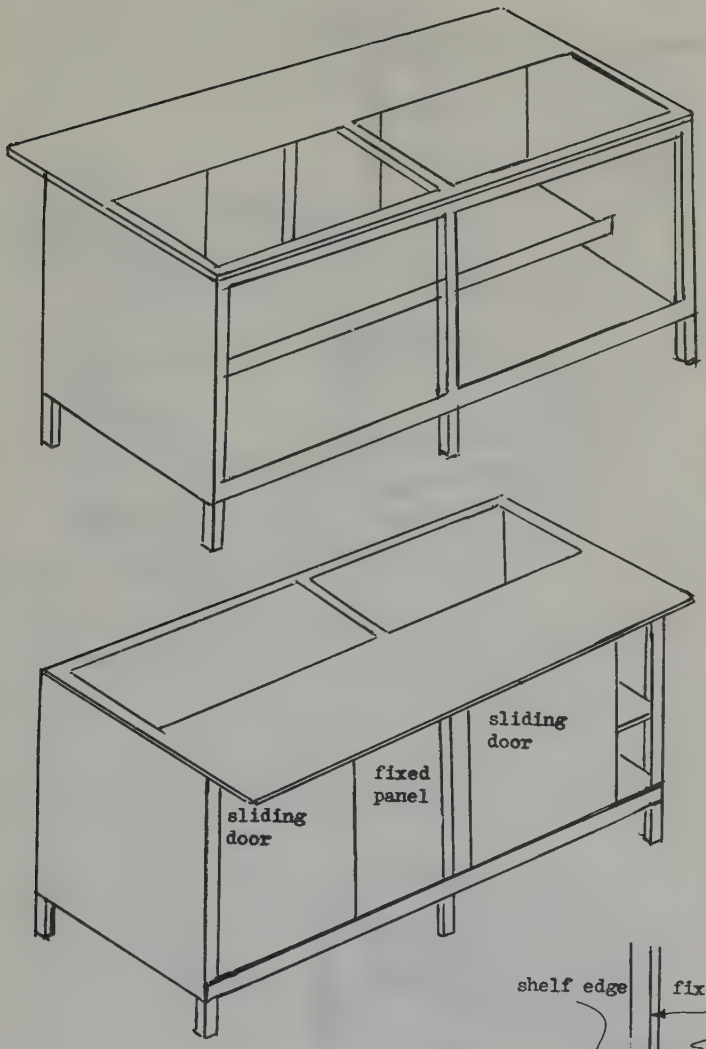


Elevation

Additional to basic counter frame

Part No.	No. off	Material	Sketch/Description
C4	1	Aluminium	9" x 9" funnel, 3" delivery and fittings
C5	2	½" veneered chipboard	60" x 24" top and front plates
C6	1	Seasoned wood	60" x 1½" x 1" tilting bar
C7	2	"	18" x 1" x 1" bearers
	1	Aluminium sheet	62" x 25" to cover counter
	12	M.S.	1" screws
	4	"	2" screws
			¾" nails

Figure 3 The display service counter



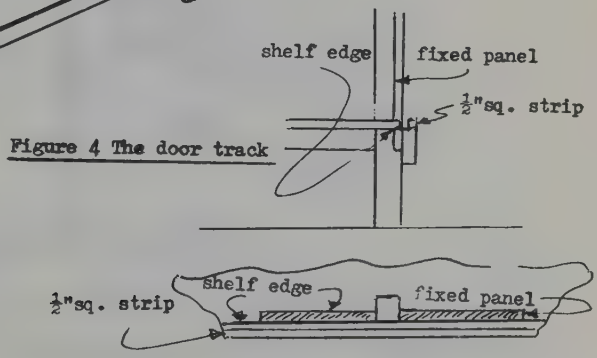
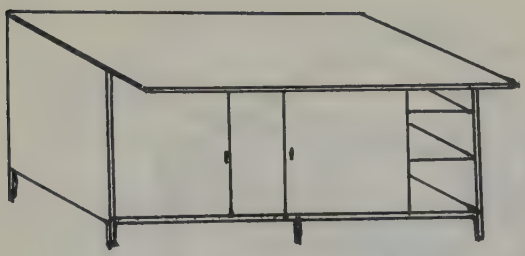
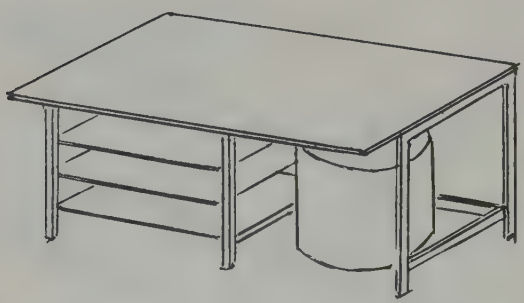


Figure 4 The door track

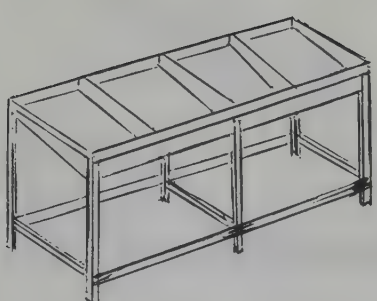
Figure 5 The customer service counter



with shelves and sliding doors

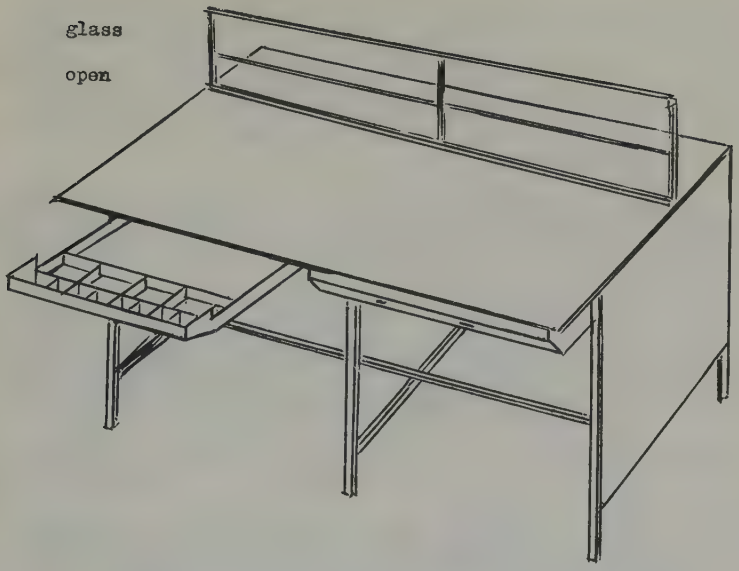


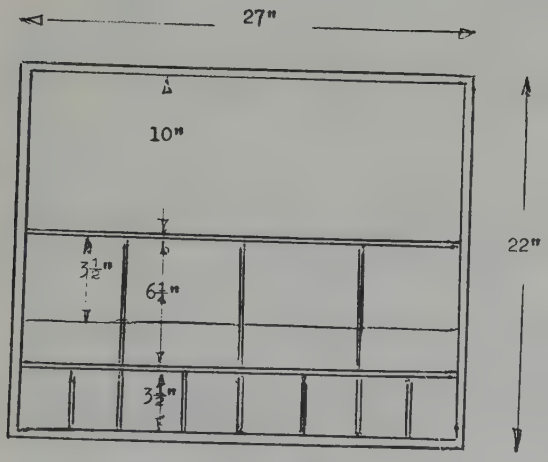
open with shelves and commodity drum



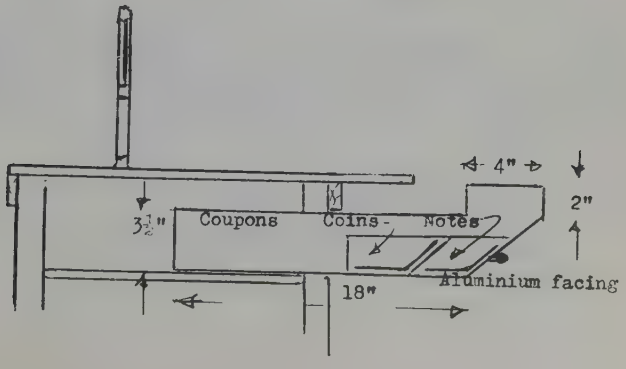
modified for vegetable display

Figure 6 The clerical operations counter





Plan



Cross section

The Co-operative Management Services Centre (CMSC) has developed standard basic furniture with various components or fittings to make some items multi-functional. Thus the display frame both displays and holds stocks; at the display counter goods are displayed and issued; the customer service counter with a mobile cash box is used for issues and the collection of payments. A clerical operations counter is for the coupon-cutting, billing and cash collection associated with the issue of ration goods.

The standard counter frame is 60" x 18" x 32" high and all counter units are built from this base by adding a top, front (which may be part glass) and end plates, drawers or shelves and sliding doors.

1 1/2" x 1 1/2" and 2" x 1" timber is used with half checked joints and screws to provide a sufficiently robust frame of simple design and construction. Counter top, front and end plates and other parts add to the strength and rigidity of the whole, and with this type of construction transport in the knock-down form is possible.

Figure 1 illustrates the basic counter frame and parts list.

The standard counter units are:

The bulk issue counter - Figure 2. The counter top is 24" wide, sheeted with aluminium for cleanliness and durability. Front and ends are plated and a tilting bar is fixed on which rice or flour bins rest. A funnel is mounted on the front plate to pour the rice and flour directly into the customer's receptacle from the weight scale pan. Sugar bins of proportionately less capacity are carried on bearers screwed to the legs of the basic frame and also with provision for tilting.

The display service counter - Figure 3. The 24" wide counter top has two glass panes half its width, and a glass front. There is a half shelf and a full shelf and sliding doors, at the back. For lack of purpose-made fitments the edges of shelves are utilised to provide the door tracks - Figure 4.

The customer service counter has a 24" wide top, front and end plates, two or three 18" width shelves, with or without sliding doors - Figure 5.

The clerical operations counter, essentially for pre-payment for bulk issue goods (rice and flour, sugar) is shown on Figure 6 with the cash drawers in detail.

Materials more generally used for the counter units are seasoned timber, veneered chipboard and plywood. The chipboard can be attractively replaced for front and end plates by fluted panelling, tongued and grooved in 5" widths, which is available at low costs, but of course requires extra labour for jointing.

Boron treated rubber wood has also been used in a period of shortages of other woods and veneered chipboard, but is of high labour content in the dowelling and glueing of narrow boards to make sheets for plating and, if exposed to the weather (e.g. if being worked on outdoors at a carpentry co-operative), is liable to distort.

The standard display frame occupies a floor space 2'0" x 4'0" and is 6 ft. high. The basic frame (Figure 7) consists of a 5 1/2" high platform base with uprights and bracings. Ancillary equipment is a peg board or plywood back plate, 1/2" veneered chipboard base, various bins for the platform, two types of textile racks and three sizes of shelves and a non load-bearing canopy. Figures 8 and 9 illustrate some of these items.

The shelves can be horizontal or inclined by locating bolts holding hoop iron strip supports in a series of accurately drilled holes in the uprights (Figure 9).

Finally a series of display frames can be bolted together in good alignment and level.

Figure 10 illustrates a mobile cash box to be used with any of the counter units which can be issued to an employee responsible for stock and sales of some section of non-rationed goods.

The CMSC printed in 1976, in English and Sinhala, a "Manual for Co-operative Retail Shops" which included small scale dimensioned drawings of the standard furniture and itemised parts lists.

These are still largely relevant although some design changes have been made. Introductory remarks to this manual are reproduced as follows:

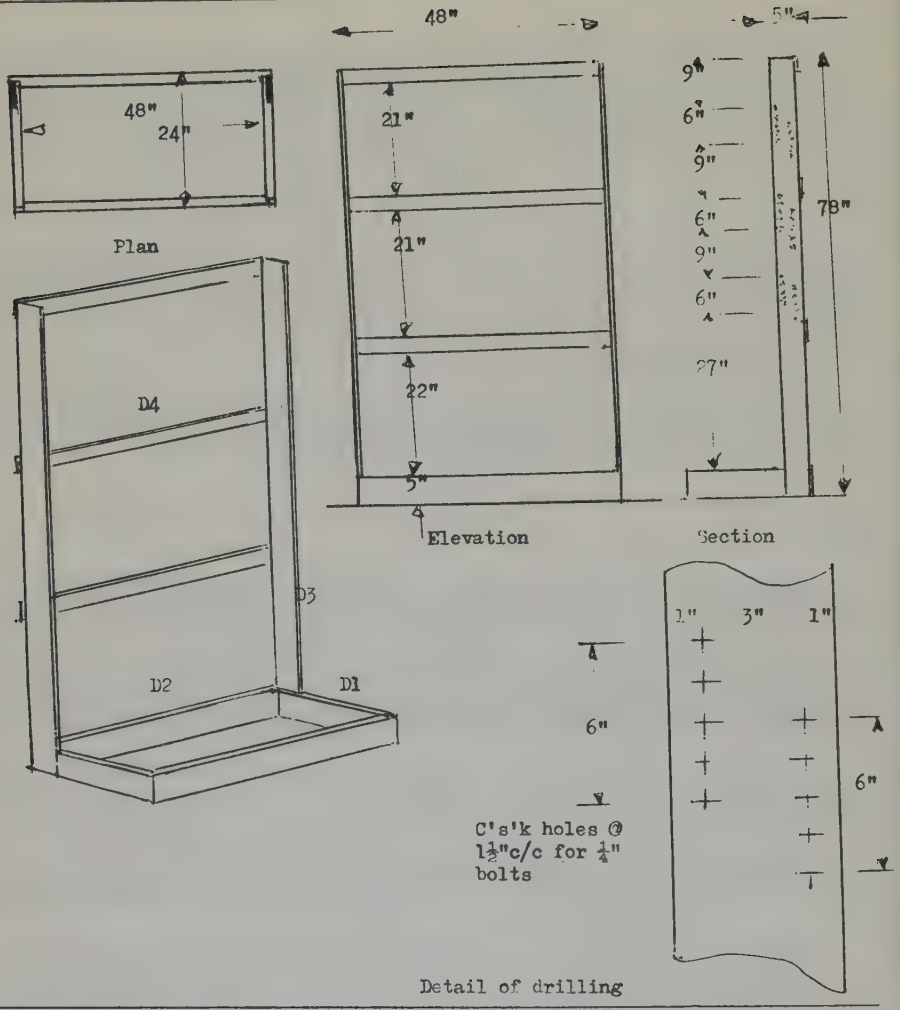
"The furniture depicted in this manual consists of two basic frames to which other parts can be added to create special purpose items. The main features are as follows:

- design is simple, wood-machining requirements are modest and the units are robust in construction. Basic appearance is neat and can be made more attractive by variations e.g. fluted panelling replacing veneered chipboard. Materials are mainly indigenous and in ample supply;

- each sheet comprises small scale dimensioned working sketches, an illustration of the article and a complete parts list. These should be adequate for any carpentry society and some multi-purpose co-operative societies, to undertake the manufacture of such furniture units on a medium/large scale as a profitable enterprise;

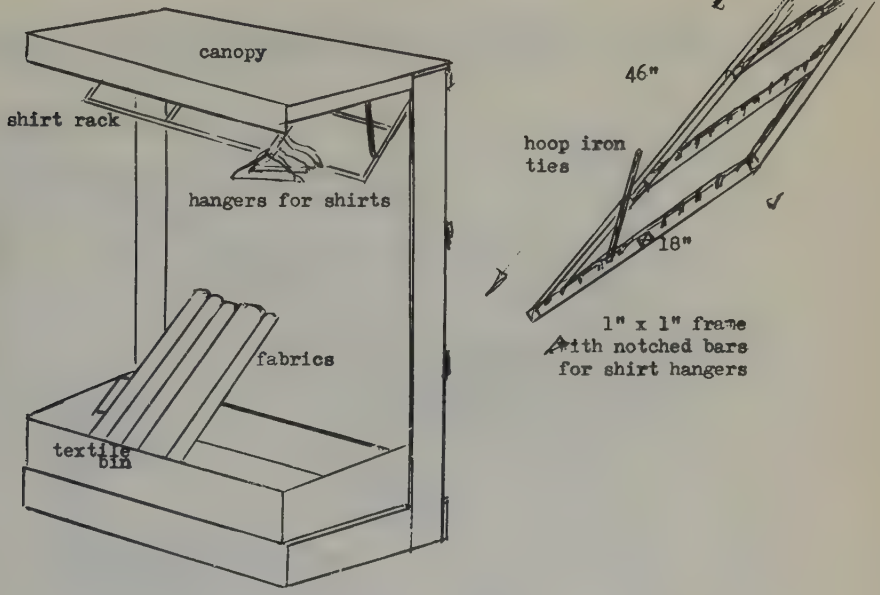
- dimensions are standard so that any assortment of items will present a harmonious whole. The standard dimensions have been carefully determined to suit the sizes of manufactured materials to that offcuts and other wasteful trimmings are minimised;

Figure 7 The basic display frame

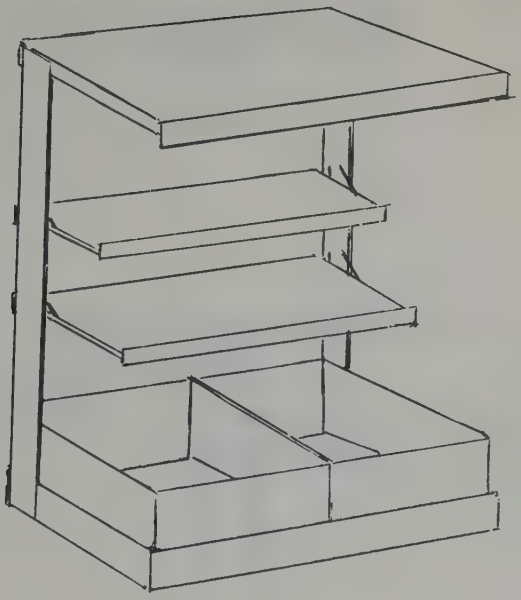


Part No.	No. off	Material	Sketch/description
D1	2	Seasoned wood	5" 17" 22" 1" 5" 1"
D2	2	"	1" 2" 44" 2" 1" 5" 2"
D3	2	"	5" x 2" x 78" csk drilled
D4	3	"	3" x 1" x 48"
	14	m.s.	1½" screws
	12	"	2" screws

Figure 8 Display frames and sundry ancillary equipment



Textile display frame



Display frame with adjustable shelves and bins

Note. Base board is $\frac{3}{4}$" veneered chipboard, back board is $\frac{1}{4}$" plywood

Figure 9 Display frame ancillary equipment

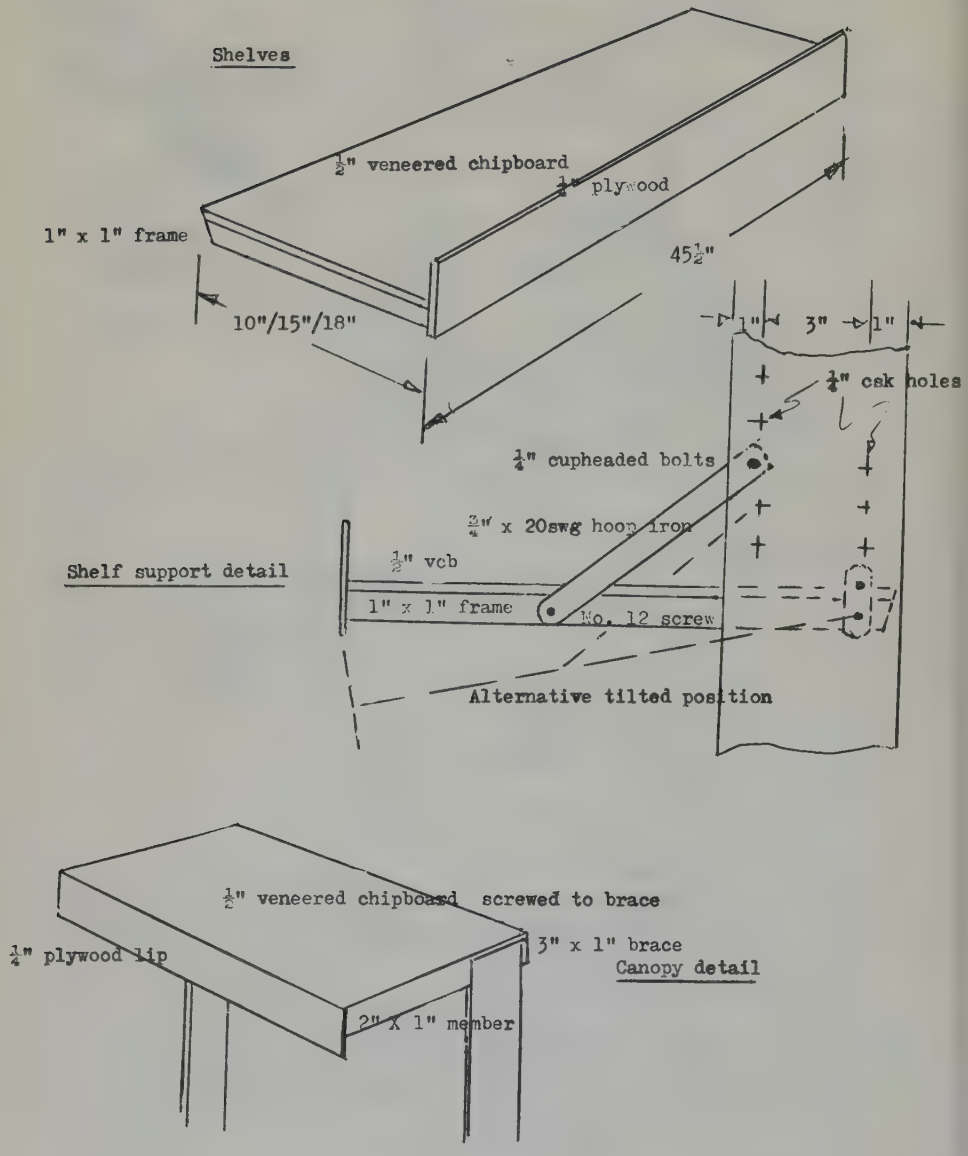
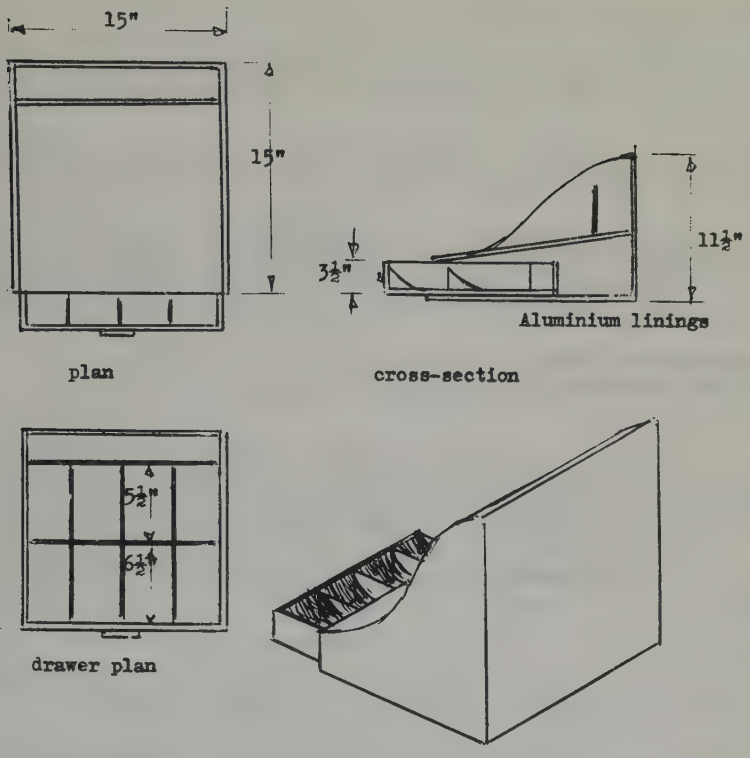


Figure 10 The mobile cash box



- various arrangements of shelves, drawers, and sliding doors etc. can be provided for the counter units;

- make-up pieces to suit awkward dimensions and corners in existing buildings can be provided;

- full consideration, in designing the furniture, has been given to the comfort of the shop staff so that fatiguing work positions are avoided.

It should be stressed that accuracy in dimensions is necessary if the parts are to be assembled quickly and without difficulty."

In practice, the CMSC has found it necessary to oversee in detail the manufacture of samples of the furniture for various co-operative clients, to the extent of marking out timber for cutting and shaping and supervising assembly. Otherwise faults encountered included:

- non-square cutting,
- drilling outsize for screws,
- use of nails in place of screws,
- non-use of glue.

Clients have included Multi-purpose Co-operative Societies (MPCS) remodelling their retail outlets with their own carpenters and one craftsmen's society which it is hoped might become a producer in bulk. It has also been necessary to check misuse of the display frames by overloading shelves and even stacking on top of the canopies.

The benefits of this standard furniture include:

- economy of production, i.e. low cost, because longer production runs of "mass-produced" components can be arranged;

- planning for a new shop is simplified since dimensions and capacities, e.g. of display shelves, and costs are known;

- repairs and renewals are made easy;

- manufacturing shills leading to high quality workmanship are achieved through repetition;

- it can be supplied in knock-down form for easy transport and assembly by local personnel.

To help its clients to the maximum extent the CMSC has prepared:

- standard furniture master costing sheet showing for each item, material or labour, the quantity and rate for the item;

- project estimating sheet to aggregate the materials requirements;

- cutting lists and particulars to place detailed orders on the saw-mills and machine shops.

For most of its clients in the retail shop development field, the CMSC has been concerned with making the best of existing buildings, sometimes old and decrepit, sometimes new and prestigious but designed with little thought for the layout of furniture and actual selling operations.

Sometimes it has been possible to make inexpensive improvements by removing walls and changing the positions of doors, windows and ventilator grills.

On one occasion so far the CMSC has had the opportunity to work on the bare plot of land, preparing designs, drawings and sketches suitable to brief an architect and tailored to good selling conditions.

In the above mentioned manual, the CMSC provided designs for simple new buildings and it is appropriate to reproduce the introduction to this section.

"The shop layouts illustrated in the manual are designed to suit various numbers of potential customers in terms of ration books. Also indicated on each layout plan is an estimated staffing requirement. The main features of the recommended layouts are:

- attention to the comfort of customers by providing adequate space and proper location of service points for paying and for collecting purchases;

- attention to the comfort of the staff by minimising the walking distances from reserve stores to display and service points;

- the provision of ample and convenient display areas to attract the attention of customers; and

- the provision of staff facilities.

The buildings have been designed to utilise the precast concrete frame systems manufactured by the State Engineering Corporation. These consist of 10 ft. bays of 2 building widths, 20 ft. and 28 ft. Thus there is considerable flexibility in providing the necessary floor space by varying the size of frontage and the number of bays. Recommended construction is therefore a brick-clad, precast concrete frame structure with cement asbestos roofing. Alternatively, an all-brick structure C.I. sheets or tile roof on timber trusses might in some cases be more economical or attractive in appearance. Transport costs for the precast units from factory to site will have to be considered.

Main features are:

- no internal columns, therefore providing maximum flexibility in locating the units of furniture;
- relatively low cost construction;
- facility for rapid extension of premises in 10 ft. stages when necessary with minimum disturbance to shop operation;
- provision of a covered verandah; an alternative facade to hide the pitched roof construction from road side view is also illustrated."

Figure 11 illustrates one of the Centre's standard designs. The estimated costs in 1976 were: Rs. 35,000: Buildings,
Rs. 8,000: Furniture.

The success in business of a retail shop largely depends on the systematic determination of the assortment of merchandise, without which there can be a risk of stocking items difficult to sell, which ties up capital, or not stocking items eminently saleable which will frustrate sales.

The CMSC has prepared an assortment policy for co-operative retail branches, which benefits not only these societies but also the Co-operative Regional Warehouses. Briefly, a basic assortment of goods to be carried by all the retail branches has been selected.

Reviewing the present stage of development of co-operative branches, it was decided that 2 additional assortments should be sufficient, to be defined on the basis of the lists of articles which can be supplied by the co-operative wholesale or private sector organisations.

Then, three categories of shops had to be defined to link with the three types of assortments. Selected criteria for which there is a points allocation are:

Prominence of location (in major shopping centre is 5)	up to 5 points
Sales area of shop (excluding staff and reserve store over 1,000 sq.ft. is 5)	up to 5 points
Purchasing power (assessed average monthly earnings per household - over Rs. 400/- is 3)	up to 3 points
Shop layout qualities (e.g. ground floor, no partitions, ample reserve store with separate entrance is 3)	up to 3 points

Shop condition (floor, walls, roof, ventilation, lighting - good is 2)	up to 2 points
Number of employees (over 6 is 2)	up to 2 points

Up to 10 points qualifies for the basic assortment, 11 to 16 points the next, and 17 and over the biggest variety in assortment.

This policy should not be applied rigidly; some discretion must always be exercised when there are any special factors intervening such as the initiation of a new industrial project in a rural area.

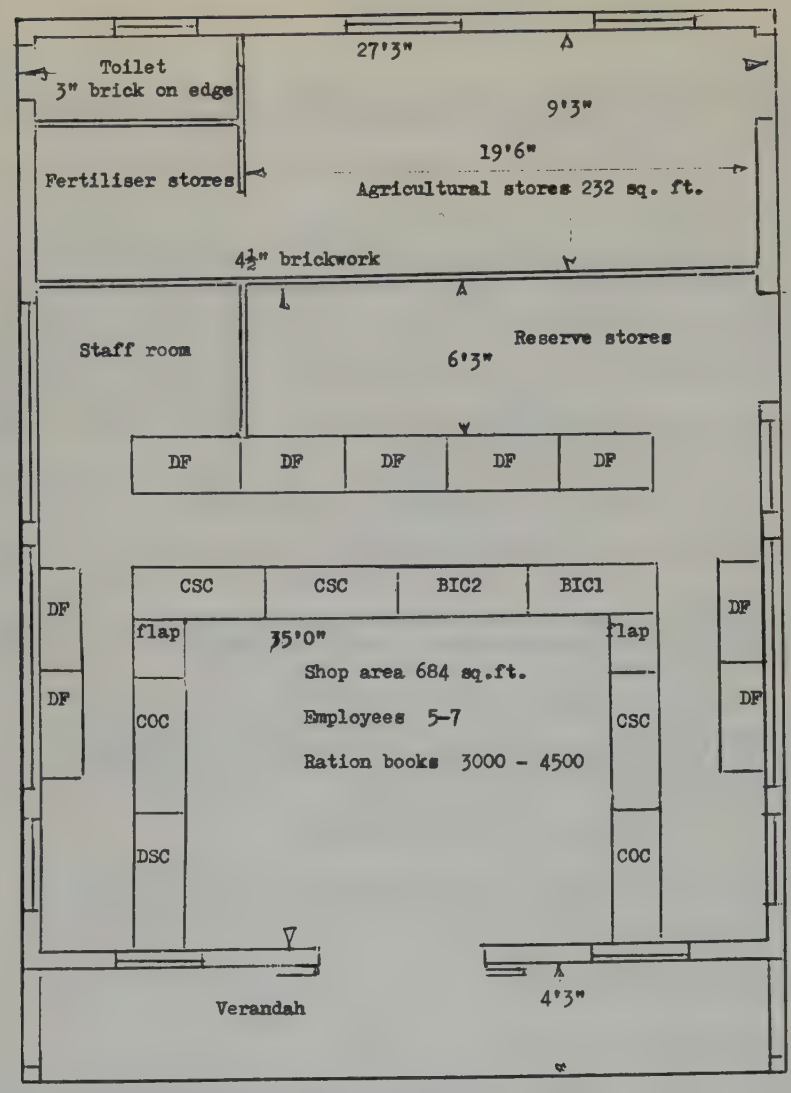
The advantages of applying an assortments policy, together with an effective inventory control are:

- the branch manager's reordering is facilitated;
- the Co-operative Regional Warehouse is enabled to plan to minimise the possibility of branch stock-outs;
- inter-branch transfers can be facilitated to lessen the risk of excess and obsolescent stocks, leading to better consumer services.

The location of display frames and counters in the shop layout and the assortment of goods are major elements contributing to the "display effectiveness" of the shops. There are fundamental guidelines to achieving an effective display:

- grouping complementary items vertically;
- heaviest for lower shelves, less important on higher shelves, eye level reserved for making an impact;
- packed goods placed front forwards;
- only one item from front to rear of shelf;
- shelves maintained as full as possible;
- segregation of items of strong odour and taste, to avoid contamination;
- legible and unmistakeable price tags.

The assortment policy and display principles are important features of various courses and seminars prepared by the CMSC for training co-operative retail shop staff. Such courses have taken place in the Centre's headquarters and are also planned to take place on the premises of Multi-Purpose Co-operative Societies outstation. The Centre is well provided with trained personnel and portable audio-visual equipment for this educational purpose.



Building cost Rs35000

Furniture cost Rs 8000

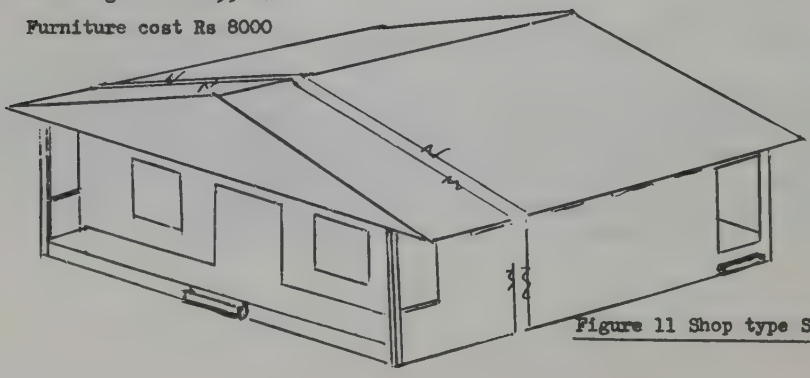


Figure 11 Shop type SB2

In concluding this article, reference should be made to the Centre's attempts to quantify the magnitude of the efforts required for the development of existing and new co-operative shops. The questionnaire, Figure 12, was despatched to the MPCSs and attracted reasonable response. It was followed by a one day workshop from which there has emerged the possibility of providing very welcome extra work for one or two carpentry societies.

Figure 12

Assessment of improvement plans for co-operative branches

1 Basic data

Name of MPCS District:

Completed by Date:

2 State of branches

Category of Branch		No of existing Branches	No of buildings to be renewed			No of Branches			No of new branches planned		
No of ration books attached			76	77	78	76	77	78	76	77	78
Up to - 1500	C + FP (1) / C (2)										
1501 - 3000	C + FP (1) / C (2)										
3001 - 4500	C + FP (1) / C (2)										
Over 4500	C + FP (1) / C (2)										

(1) C + FP = Branch deals in consumer goods and purchases local farm products
(2) C = Branch deals in consumer goods but does not purchase local farm products

3 Financial aspects (estimate)

Investment Plans for new branches	Source of Finance	1976 Rs	1977 Rs	1978 Rs
Buildings	Own Capital			
	Borrowed Capital			
Furniture	Own Capital			
	Borrowed Capital			

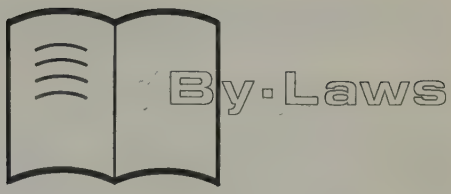
4 Standard shop furniture, layouts and buildings

Please indicate interest in	Yes	No
Standard furniture units	☐	☐
Model shop layout	☐	☐
Model shop buildings	☐	☐

5 Manufacturing/construction facilities

Are adequate local resources available for furniture manufacture?	☐	☐
Are adequate resources available for model shop construction?	☐	☐
Would you consider buying furniture from a specialist co-operative?	☐	☐

Please fill in this form and send it preferably by 15.5.1976 to Co-operative Management Services Centre, 127, Grandpass Road, Colombo 14.



Statutes of a non-conventional form of co-operation in rural surroundings: The Free Pasture Land Association of Vallouise (France)

There are many countries where the rural exodus is accelerating, where the balance of the population permanently residing in rural areas is breaking down, where the production capacity of thousands of hectares which could otherwise help to alleviate the famine facing 800 million people is declining, where the national heritage is deteriorating and where the possible - and desirable - development of certain forms of leisure is becoming more and more doubtful, just because practical and swift solutions have not yet been applied to problems of land use. From time to time, tentative efforts have been made and agricultural reforms undertaken; but these have ended more often in failure than in success. A lot of people are now wondering if, in the last analysis, the underlying flaw in all that has been attempted so far and the reason why it is impossible to make any further progress are to be found simply in the fact that those directly involved have not been encouraged, right from the start, to work on land conservation and renovation programmes for rural areas (which affect them first and foremost) and, subsequently, to be involved in every stage of their implementation and even made directly responsible for them. It is no secret that directives handed down from above tend to paralyse local initiatives and prevent them from coming to the surface; but it has not yet become common practice to allow the people who are really concerned, and who are more aware of their problems and needs than anybody else, to find the means of implementing specific programmes, to choose the best methods and to work out the kind of non-traditional co-operation structures that are likely to lead to success.

As a rule, something only becomes really newsworthy when it can be linked directly to some kind of "event". The name of the commune of Vallouise, for example, is likely to mean a bit more to people in France since the President of the Republic chose it as a setting for his statement on the Government's policy on mountain areas on 23 August 1977. Yet how many people know that, already in 1976, the municipality of Vallouise had proposed to the local citizens to take

over responsibility for the upkeep of their land and natural resources (in other words, to pursue their own mountain policy) so as to stop the process of degradation before it was too late?

The graph which they drew up to show the trend in resident population, livestock and the tourist trade in the commune between 1900 and 1975 (see opposite) convinced them that they could no longer afford for such fluctuations to be so haphazard; otherwise, as has already happened all too often elsewhere, the extent of land speculation - which farmers can only resist individually - would eventually induce them to put their misgivings aside and sell more and more of their land and, consequently, to reduce the potential farmland still further, speed up the rural exodus, increase the wastage of land and accentuate the anarchy in the building sector in spite of the steps already taken under the land settlement plans (Plans d'occupation des sols).

The objectives which the people behind this move have set themselves thus correspond exactly to the practical problems with which they are confronted and which, in effect, face all the inhabitants of the commune:

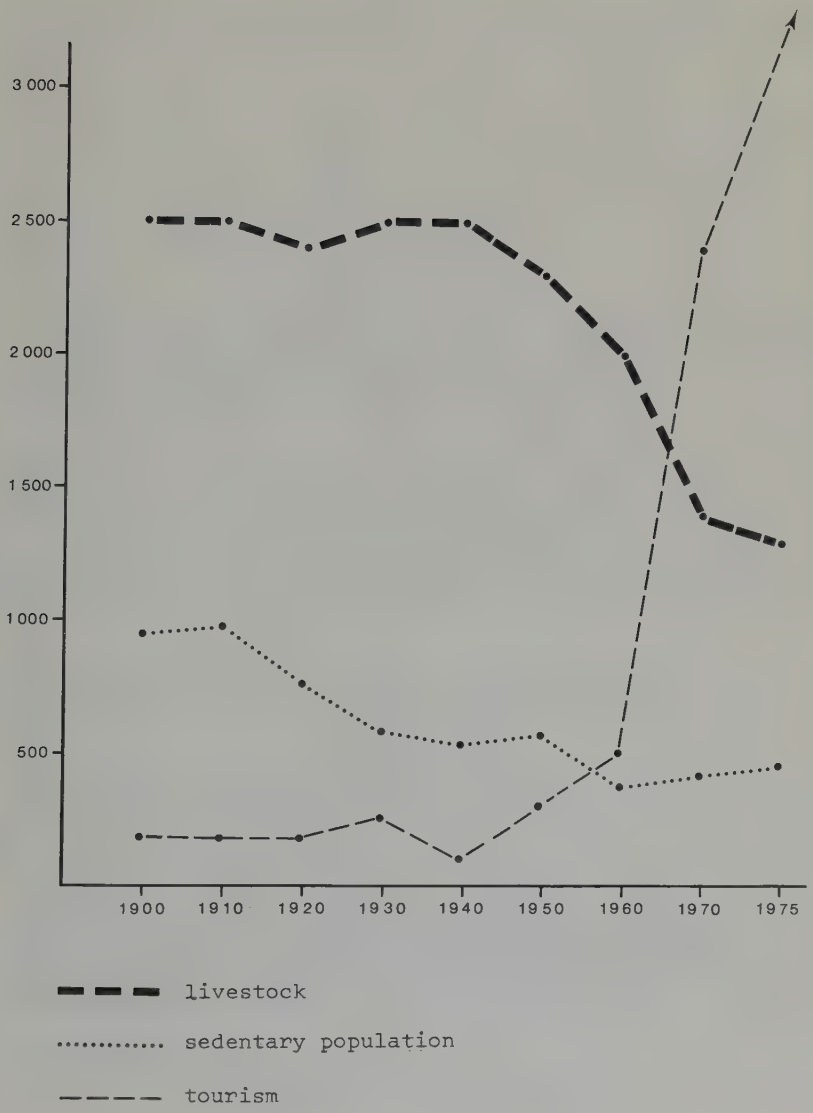
- in one part of the commune, 80 per cent of the land that has been left fallow for decades is well on the way to becoming useless, whereas if various improvements are made it could be turned into between-season pasture land or used for growing hay; in another part, land is no longer being farmed because there is no access to it or because it is not irrigated; other pieces of land would benefit from various improvements that could be made if the work was carried out on a co-operative basis;

- the decision to treat or improve the land on a co-operative basis should not prevent its owners from selling if they wish to do so, particularly if, as the commune develops, a certain amount of controlled urban planning took place in everybody's interest;

- no land improvement, treatment or restoration project should be allowed to cause any difficulties for farmers still exercising their occupation especially if their land is in an area marked out for treatment. On the contrary, the important thing is not only that they should be able to continue farming on an individual basis if they want to but that they should actually benefit from new activities (for example, a large herd built up in association, joint ventures and so on), bearing in mind that farming products could be bought in larger quantities and therefore more cheaply, that they would have easier access to equipment whose purchase would not be an economic proposition for an individual farmer, or that the road or canal network they use would be better maintained;

- any employment created by joint efforts to improve, maintain and farm the land should be reserved exclusively for inhabitants of the commune in order to reduce unemployment and underemployment.

Diagram representing the fluctuation of the sedentary population, of tourism and of the livestock, during the period 1900-1975, in the commune of Vallouise.



After obtaining the advice and views of the bodies concerned and carrying out a number of studies, the municipality eventually proposed - as the second stage of the plan to be implemented - that the inhabitants should create a non-conventional co-operative structure in the form of a Free Pasture Land Association (Association foncière pastorale libre) in which every landowner would be entitled to have a say, would have real decision-making power and would have a chance to define a policy and supervise its implementation by means of a municipal corporation. In this way the town officials separated what is normally merged in traditional co-operatives: the association of members, and the enterprise. Here, the corporation is the enterprise (as opposed to the association), with a separate budget from that of the commune (another component in the organisation). It would be authorised to receive assistance and subsidies, borrow money and reimburse loans, employ personnel and settle its bills; it would have the same sources of revenue as an individual farm; it would be headed by officials who would be answerable at the end of each financial year to the municipal council which would have ultimate juridical and financial responsibility. However, although it would be separate from the association, the enterprise would also be fundamentally dependent on it since the municipal farming corporation could only operate if the landowners (members of the association) had enough land to pool for its improvement and farming to be profitable. Otherwise, of course, the corporation could not be an economically viable unit.

The form of co-operation proposed is interesting in many ways, precisely because it does not follow normal co-operative lines. The draft statutes of the Free Pasture Land Association, which were submitted to the approval of the population of the commune as a "contract of association", refer not to the laws and regulations on co-operatives but to more general and, in fact, much older texts (specifically the Acts of 21 June 1865 and 22 December 1888).

As we have done on previous occasions (1), we are publishing below a few extracts from these statutes, with the agreement of the Mayor of Vallouise, even though the project has not yet materialised, in the hope, as the Mayor writes, that "it may prove useful to other communes" and interested parties.

The purpose of the association, which is to last 20 years (Article 4), is defined in Article 5 of the "contract of association" as follows:

"The object of the association is the utilisation of the land within its purview in order to avoid its lying fallow, with all the disadvantages that this might have both for its members and for other persons. The land shall mainly be used for grazing and haymaking, with an eye to the gradual improvement of the animal feed.

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(1) Co-operative Information No. 1/74 ("Internal Regulations of a labour bank", p. 36), and No. 1/75 ("Statutes", p. 98).

In addition, and in as much as these subsidiary activities do not prejudice the use of the land as pasture, the association may extend its activities to other fields, provided two-thirds of the landowners representing at least two-thirds of the land area give their agreement.

The association may lease the land within its purview to any person or body corporate that undertakes to observe the minimum conditions laid down by the association in respect of equipment and use of the land."

Article 6 lists the pieces of land that come within the purview of the corporation and stipulates that the area may be augmented by the voluntary addition of new pieces of land by their owner, subject to the approval of the General Assembly, provided new members accept all the rules of the association and participate in expenditure already undertaken.

The annual general assembly is convened by the director and meets in the second half of January (Article 8). It is attended by all the landowner members of the association or their representatives, on the understanding that the latter must also be members or (an interesting innovation) "farmers, sharecroppers, tenants or stewards of at least one of the associates" (Article 7). Decisions are taken by absolute majority, except in the case of elections which are decided by simple majority (Article 8). However, associates do not all have the same voting power. Under the terms of Article 7, landowners with less than 5,000 square metres of land have one vote, with more than 5,000 square metres and less than 1 hectare 2 votes, with more than 1 and less than 2 hectares 4 votes, with more than 2 and less than 5 hectares 10 votes, with more than 5 and less than 20 hectares 20 votes, with 20 hectares or more one vote per hectare; however, no single landowner can have more than half the total number of votes.

The powers of the assembly are laid down in Article 8 of the contract:

- it designates the 10 permanent and substitute delegates. These, together with the members who, according to a written agreement, are nominated by establishments subsidising the activities of the Pasture Land Association, constitute the Council of Delegates, it being understood (Article 9) that each category of landowner (the commune on the one hand, the individuals on the other) is entitled to appoint a number of delegates in proportion to the number of its shares. The delegates are elected for one year but are re-eligible. They choose from among their number a director - who cannot be the mayor of the commune - a deputy director and a secretary;

- it discusses

- changes in the land area coming within the purview of the association (cf. the reference to Article 6 above and, above all, the possibility for an associate landowner to withdraw his land, for example in the event of its sale, under conditions set out in the municipal information bulletin through which the project was submitted to the population of Vallouise), the extension or premature dissolution of the association,

- all matters placed before it in accordance with the laws and regulations in force and with the act of association, specifically the methods and types of farming of the land within the purview of the association;

. it passes judgment on the management of the Council of Delegates; and

. approve or rejects new projects submitted to it by the Council which involve an expenditure of over 5,000 francs (Article 9).

Article 9 stipulates that the Council of Delegates holds meetings to take decisions concerning the association; these decisions are taken by the majority vote of members present, the chairman having the casting vote. Inter alia, the Council appoints experts to prepare projects and supervise their implementation; requests assistance from various sources including the State; gives its agreement to any building or improvement project that a tenant (of land coming within the purview of the association - normally the commune - and managed by the municipal corporation (Article 1)) or the commune wishes to undertake (Article 1 also stipulates that, if the efficient management of the pasture land demands that buildings should be set up, they are to be located on pieces of land belonging to the commune or exchanged or acquired by it - this is only logical considering that the associates are always entitled to withdraw their land); votes the annual budget; initiates legal proceedings in the courts, wherein it is represented by its director who is also responsible for carrying out the decisions taken by the Council and for drawing up the annual budget (Article 10).

Article 12 of the contract of association stipulates that the associates can at any time, if need be, request the application of Article 8 of the Act of 21 June 1865 with a view to transforming their free association into an authorised association and that they accept all the consequences this would entail.

The wording of the contract of association is particularly interesting from several points of view.

To begin with, it harks back to legislation which is already very old; yet most countries' legal arsenal certainly already allows anyone to "co-operate" with other people with the same needs without taking on any more binding commitments than he considers desirable.

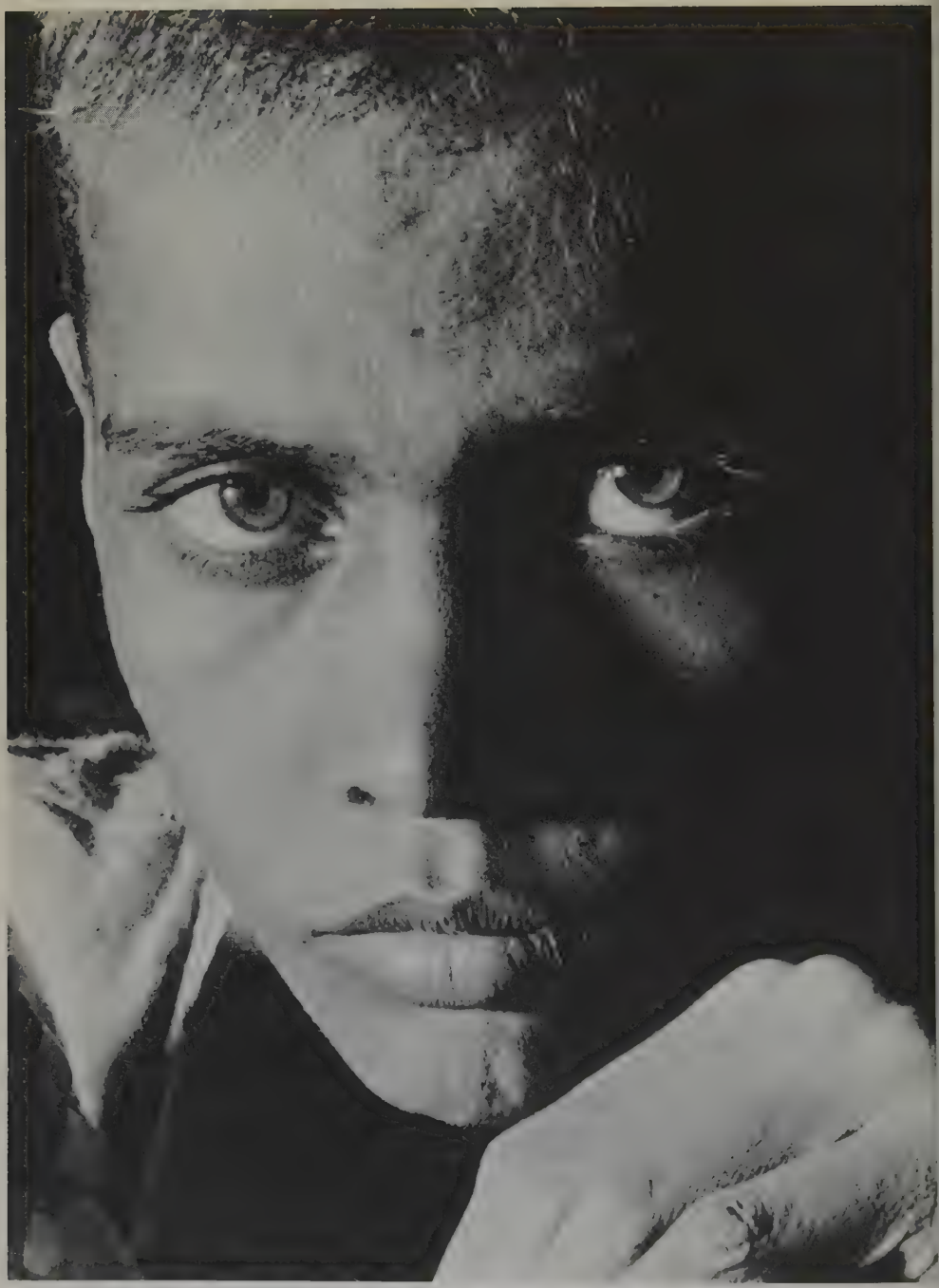
Secondly, as already mentioned, the association is separate from the enterprise, although this does not make of course any difference to the production relationship inside the enterprise. However, the point here is made quite explicitly, which is not the case in a great many co-operatives whose "project" is, by definition, to eliminate the exploitation of man by man but which, vis-à-vis their wage earners, for example, behave in exactly the same way as any other non-cooperative enterprise and do not in fact put their doctrine into practice. In this sense, therefore, this non-conventional form of co-operation is perhaps more "honest".

Thirdly, and this again distinguishes the association very sharply from other co-operatives, there is a deliberate effort to relate the organisation to its environment through the commune, which is both a member and responsible for the management of the municipal corporation. All too many co-operatives tend to be very self-centred, only to complain afterwards that they are being ignored. In this case, for example, the outward-looking attitude adopted by the inhabitants of Vallouise can be seen in the fact that they are in no way opposed to their fellow citizens buying houses and pieces of land so as to be able to enjoy their leisure outside the towns. Their only concern is that the practice should be reconciled with their legitimate interests.

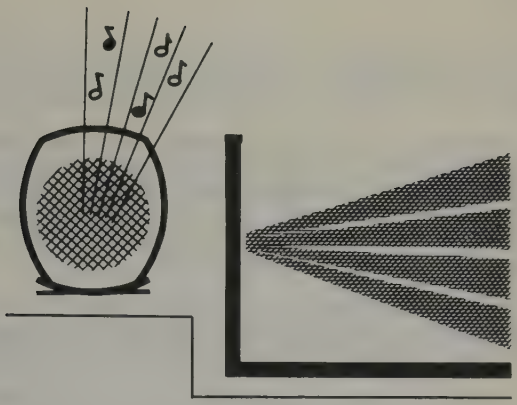
Finally, a fundamental factor is the absence of any registered capital, which, contrary to the belief of far too many co-operators, does not prevent joint action and the joint management of a social asset.

In our opinion, this non-conventional form of co-operation devised by farmers in France provides much food for thought and could perhaps be adapted to other projects which, for all kinds of reasons, have not yet been implemented.

R. Louis



Young woman from a Third World country who died of tuberculosis three days after Pierre Pittet (Geneva) took this photograph.



TWO AUDIO-VISUAL PRESENTATIONS ON DEVELOPMENT PROBLEMS

"On behalf of all living beings" (Au nom de tous les vivants) is the first of these presentations. It was conceived and prepared by P. Pittet, an independent reporter-photographer. It is a series of 450 slides selected from a collection of 2,500 photographs made over a period of 15 years of experience in 48 countries. These 2,500 photographs were selected from a total of 180,000 black and white photographs and of 130,000 slides made in 98 countries.

The famine of Bihar (India) which in 1967 caused the death of several millions of people, is used as a starting point, followed by an attempt at explaining the mechanism of under development by showing pictures of the Third World and of various human types. The principal themes illustrated are

- hunger, which continues to gain ground;
- injustice, which results as much from geographical conditions as from social structures and ignorance;
- illeteracy, which is gradually increasing, in spite of efforts made in many countries;
- demographic explosion;
- practical achievements of men on the job, within the framework of local, national, regional or international programmes;
- examining the future, i.e.: a more equitable sharing of resources and wealth, the problem of debts still owed by the most underpriviledged countries, the power that public opinion could exert, and the absolute necessity to find new forms of behaviour.

Several personalities such as R. Dumont, Dr. Aujoulat, the late Father Lebret, President Julius Nyerere, Josué de Castro, Dr. M. Gilbert, the Abbé Pierre, A. Sauvy, have assisted the producer

of this presentation which is meant to make public opinion aware of some of the most acute problems facing our world to-day.

"Development", the second of these presentations, differs from the first one in that it has been prepared in collaboration with 15 non-governmental organisations. The initial idea, the conception and implementation of the presentation are creditable to the Catholic Relief Services, with the moral and financial assistance from the European Communities.

The presentation is divided into 3 independent parts, each one composed of a sound tape magazine ("cassette") (1) a script and 80 slides, and the following topics are discussed:

. "What is development?": bearing in mind the established concept of development in general and the necessity for a social structure, the producer aims at explaining "why a man will never be fully accomplished, fully developed as long as others, around him, are not".

. "The Third World Faces Development". First, the producer goes back to the Bandung Meeting of 18 April 1956 attended by representatives from about 30 States from Africa and Asia; then, he explains what these countries can have in common, in spite of the important disparities which exist between them (which, later, will lead to speaking of the "poorest of the poor"), what are the causes of their present situation and the "infernal circle through which only a small number of countries have, to this day, been able to break", the social as well as economic changes caused by a rising industrialisation, the new relationship set up between these countries and the "developed" countries; after being reminded of the various actions which have been carried out for a number of years, we are led to ask ourselves: "what is to be done to stop in time the alarming process of under-development?".

. "Development-oriented assistance". In this third part, the activities already achieved by various international, regional, governmental or non-governmental organisations are reviewed as well as those of individuals; these activities, however, remain insufficient to set up the "new economic order" which was solemnly proclaimed by the member states of the United Nations. The necessity for "individual participation in the development of the Third World" is stressed, which, it would seem, is the only way to help in fundamentally changing the relationship between the so-called developed world and the "under-developed" countries, so that such relationship becomes one of exchange, of true co-operation, of sharing, and does not remain merely based on power and exploitation.

(1) The scripts already exist in English and French. It is envisaged to prepare Italian, Spanish and possibly Arabic versions. The "cassettes" operate on a 1,000 cycles impulse.

MANUELS ANALYSÉS - ANALYSED MANUALS - MANUALES ANALIZADOS

No No Núm.	Auteur Author Autor	Titre et éditeur Title and Editor Título y Editor	Pays Country País	Pages Pages Páginas	Année Year Año
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428	Malugani, F.	Il manuale del cooperatore portobagagli, Associazione Nazionale Cooperative Portabagagli, Roma	Italie	105	1958
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430	National Co-operative Consumers' Federation	Inventory Control in Super Bazar, New Delhi	Inde	100	1974
431	National Co-operative Consumers' Federation	Manual on Inventory Management in Consumer Co-operatives, New Delhi	Inde	170	1973
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433		Capacitación y participación		90	1974
434		Comunicación y participación		190	1974
435		Cooperativismo agrario		70	1974
436		Glosario Lima		40	1974
437	Heffer, D.	Report Forms for the Use of Co-operative Societies, Charlestown	Nevis		1974
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		Instructors Manual, Samahang Mayon for Fishermen, Manila		260	1974
440	ICA, London	Co-operative Education Radio Programmes	G.B.	116	1975
441	L.E. Pickett	The Use of Statistics, ILO, Geneva	Suisse	203	1975
442	J. Roland (ILO Expert)	Retail System Manual, Téhéran	Iran		1975
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446	OIT (Seminario)	Série : Cooperación Latinoaméricana Poblacion y Desarrollo 1. Desarrollo historico del cooperativismo múndial	Costa Rica	86	1975

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		4. Nuevas proyecciones de la educación-formación en los procesos cooperativos y/o asociativos		136	
		5. Población, empleo y cooperación en América latina		169	
		6. Necesidades basicas technología y cooperación		110	
447	CENADEC	Séminaire de recyclage et de formation des responsables des sections coopératives de la zone pilote de la Lekie, Yaoundé	Cameroun	58	1973
448	ILO/DANIDA	Workshop on Co-operative Education in Schools, Report, Kingston	Jamaïque	30	1975
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450	Bureau of Coop Development (DLGCD)	Department of Local Government and Community Development, Philippines, Fieldworkers' Manuals: 1. Consumers cooperatives 2. Producers cooperatives 3. Transport service cooperatives 4. Marketing cooperatives 5. Cooperative Rural Bank 6. Credit cooperatives 7. Area Marketing Cooperatives	Philippines		1975

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		1. Les coopératives, 4/75		1 à 7	
		2. Idée coopérative, 3/75		8 à 13	
		3. Définition de la coopérative, 2/75		14 à 22	
		4. Assemblée générale, 6/75		23 à 36	
		5. Conseil d'administration, 5/75		37 à 43	
		5 bis. Conseil d'administration, 5/75		25 à 35	
		6. Droits et obligations, juillet 1975		44 à 58	
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		8. Le cercle d'études et d'actions coopératives, septembre 1975		71 à 88	
452	J. Even	Guide de méthodologie, Ministère de la Production, Bamako, Direction nationale de la coopération	Mali	157	1973
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		F.1 : Caractéristique et fonctions de l'entreprise coopérative		77	1974
		F.2 : Organisation et fonctionnement administratif des coopératives		146	1976
		F.3 : Comptabilité d'exploitation simplifiée		90	1974
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461	Lino Trinidad Sanabria	Manual Paraguayo de Cooperativismo, Ministerio de Agrícultura y Ganaderia, Asunción	Paraguay	100	1974
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465	UNESCO, Paris	Guide pratique et alphabétisation fonctionnelle (une méthode de formation pour le développement) (Bibl. 72B12/85 F)	France	174	1972
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469	Gil Abad Colas	Cooperativismo Juvenil, 3 numéros, AECOOP, Zaragoza	Espagne	8 + 16 + 16	1975
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Reference Référence Referencia	Code Código	language Langue idioma	History Histoire Histórial	Generalities Généralités Generalidades	Legislation Législation Legislación	Cooperatives Coopératives Cooperativas														Organisation Organización							Management Gestión						Training Formation Formación							Documents								Documentos									Bibliography Bibliographies Bibliografía	Glossary Lexique Lexico
						Agricultural Agrícola	Fishermen's Pêche Pesca	Industrial Industrielle Industrial	Handicrafts Artisanale Artesanal	Consumer' Consommation Consumo	Housing Habitat Vivienda	Credit Crédit Crédito	Services Servicios	School Scolaires Escolares	Other Autres Otras	Office Administration Administración	Work Travail Trabajo	Control Contrôle Control	Marketing Commerciale Comercial	Planning Planification Planificación	Staff Personnel Personal	Technical Technique Técnica	Marketing Commerciale Comercial	Financial Financière Financiera	Auditing Comptable Contable	Extension Vulgarisation Vulgarización	Programming Programmes Programas	Prog. Books Ens. programmé Enseñanza programada	Exercises Exercices Ejercicios	Audio-visuals Audio-visuels Audiovisuales	Information Información	Case studies Etude de cas Estudio de casos	Account's Plan Plan comptable Plan contable	Model Forms Documents types Documentos tipo	Plans-Designs Plans-dessins Planos-Dibujos	Maps Cartes Mapas	Statistics Statistiques Estadísticas	Organ. Graphs Organigrammes Organigramas	Diagrams Diagrammes Diagramas	Graphics Graphiques Gráficas	Bibliography Bibliographies Bibliografía	Glossary Lexique Lexico
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(1) Coopérative de porteurs de bagages.

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